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REPORT
OF THE
COMMITTEE
ON
MUNICIPAL OWNERSHIP
OF
RAILROADS

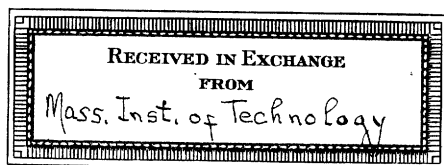
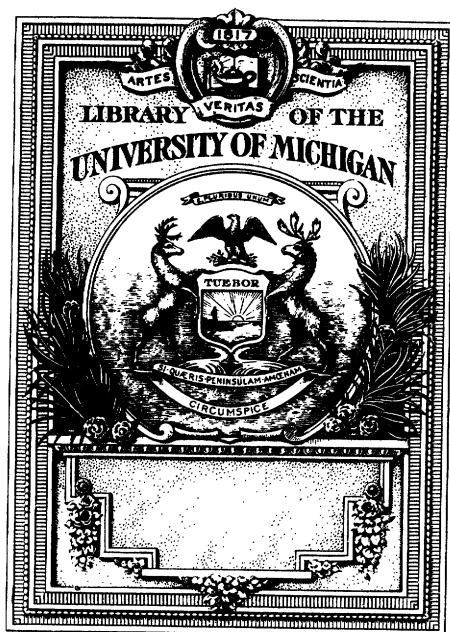
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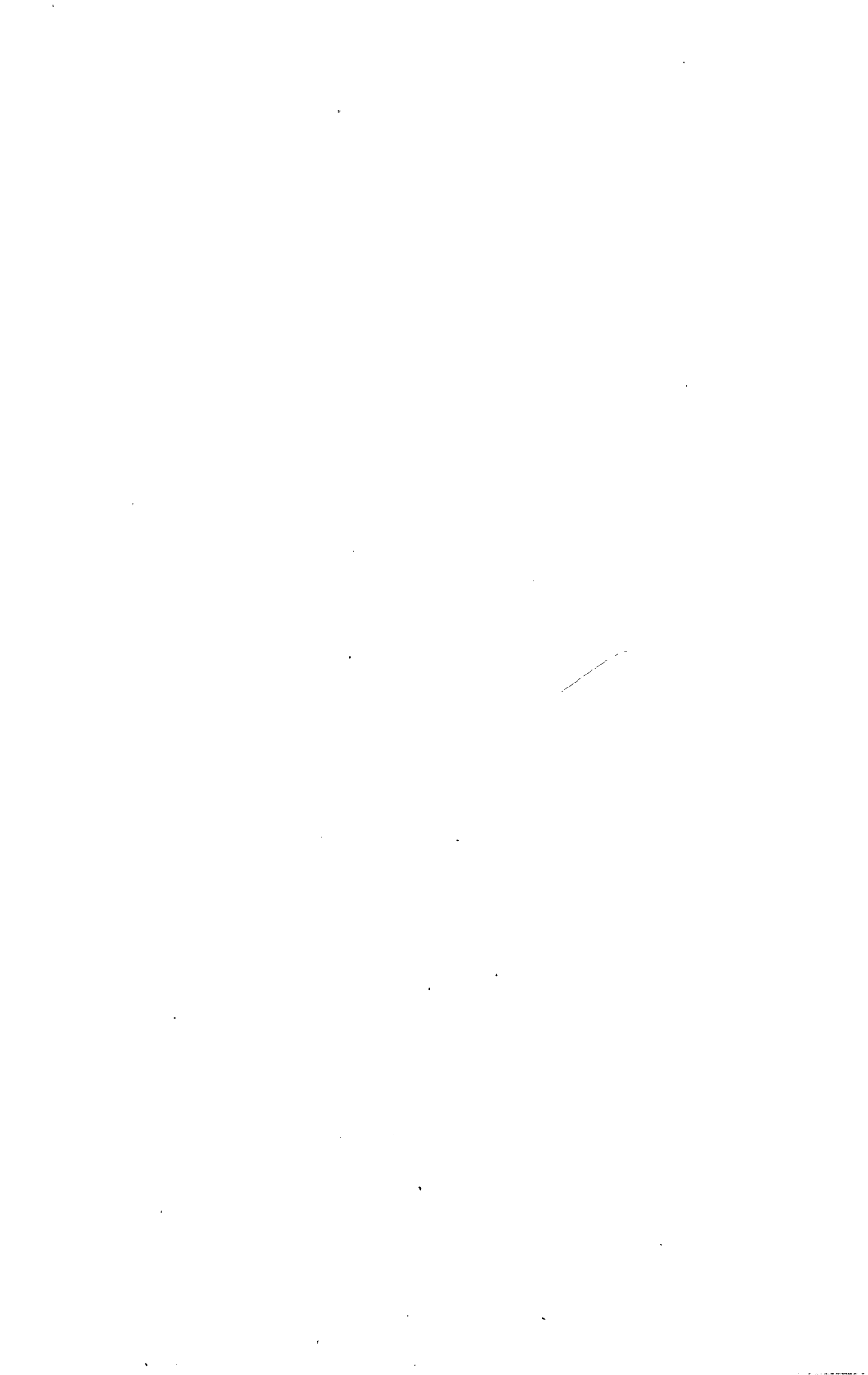
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REPORT AND TESTIMONY

OF THE



SPECIAL COMMITTEE

OF THE

Legislature
New York (City) ASSEMBLY *Special Committee*

TO

Investigate the Desirability of Municipal Ownership
of the Street and Elevated Railroads of
the Various Cities of the State.



TRANSMITTED TO THE LEGISLATURE FEBRUARY 11, 1896.

WYNKOOP HALLENBECK CRAWFORD CO.,
STATE PRINTERS,
ALBANY AND NEW YORK.
1896.



Exch. (B. F.)
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STATE OF NEW YORK.

No. 53.

IN ASSEMBLY,

FEBRUARY 11, 1896.

REPORT

OF THE

COMMITTEE APPOINTED BY THE ASSEMBLY TO
INVESTIGATE THE QUESTION OF MUNICIPAL OWNER-
SHIP OF THE STREET AND ELEVATED RAILROADS OF
THE VARIOUS CITIES OF THE STATE.

To the Honorable the Assembly of the State of New York:

On April 4, 1895, the Assembly of the State of New York duly adopted a resolution, of which the following is a copy, viz:

“Whereas, The sentiment for municipal ownership of franchises, the profits of which are large and come directly from the people of the various cities, is growing throughout the State to such an extent as to demand a popular vote upon the question of municipal ownership; and,

“Whereas, A bill is before this Legislature providing for a submission to a vote of the people of the various municipalities of

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the State, the question of municipal ownership of the street and elevated roads of the various cities; and,

“Whereas, It has been charged repeatedly in the newspapers of Brooklyn and New York, that certain railroad companies in the city of Brooklyn have watered, to a large extent, their capital stock, and have leased their roads to foreign corporations, and included in these charges is the accusation that large sums of money have been taken either fraudulently from the treasury or that the stockholders of said companies have been unable to ascertain even the cost of construction of the roads referred to;

“Resolved, That a committee of seven members of this house be appointed by the Speaker, whose duty it shall be to examine all matters pertaining to the cost of construction, expense of operation, capital stock and bonded indebtedness and the general management of the surface and elevated railroads of the various cities of the State, and such other matters pertaining to said roads as will give to the people of these municipalities proper information upon the question of the profits of said enterprises upon which to base their judgment, as to the desirability of municipal ownership; said committee to report to this house whatever investigation may be made previous to the adjournment of the Legislature. Said committee to sit after the adjournment of this Legislature for the purpose of making such investigations in any of the cities of the State, and said committee is hereby empowered to send for persons and papers, to examine witnesses and employ counsel, and such other assistance as may be required for such investigation, and to incur such expense in the premises as may be necessary to carry into effect the purpose of this resolution.”

On the last day of the session of 1895, in obedience to said

resolution, the Speaker of the House announced the appointment of the committee therein provided for, to wit: S. F. Nixon, E. C. Stewart, Philip Gerst, E. H. Thompson, W. D. Stevenson, S. J. Foley and John A. Hennessey.

Pursuant to such appointment and under the powers vested in the committee by said resolution, we have visited the cities of New York, Brooklyn, Buffalo, Rochester, Syracuse, Utica, Albany and Troy, and have examined divers and sundry witnesses under oath upon the subjects referred to in said resolution, and have examined many documents, reports and papers pertaining thereto, and in so doing have taken nearly four thousand pages of testimony, a copy of which is herewith submitted.

The testimony thus taken discloses many things of interest to the people of the entire State, and suggests the need of much remedial legislation. Railroad companies are quasi public corporations, in which the public is deeply interested, and over which the Legislature of the State, by wise and prudent legislation should exercise dominion and control. They are the creatures of the statute, and the manner and method of their organization, the general scope of their powers, the method of issuing stock and the power to contract indebtedness and to create obligations should be clearly defined and prescribed by law.

During the past five years the surface street railways in most of the cities of the State have been changed from horse to electric power. These changes, where made, have necessitated the reconstruction and re-equipment of the roads, the erection of power plant and the purchase of machinery, generators, motors, etc., requiring the outlay of large sums of money, much of which has been lost by reason of experiments indispensably essential. To illustrate, car equipments, which were the best in use four or

five years since, and which cost from \$3,500 to \$5,000 per car, are to-day practically of no value. This is made so by reason of imperfections then existing and many of which have been removed by more modern improvements, necessitating the disuse of the old and the purchase of the new. The tracks that were suitable for horse car traffic have been found inadequate for the purposes of an electric road. The cars formerly in use are of little or no value at the present time. The best generators known at the beginning of the use of electricity as a motive power are, in the light of present experience and development, crude and of little value, and yet their actual cash cost then was far in excess of the more modern and useful ones of the present time.

In the development of the use of electricity as a motive power, and in making the changes above referred to and others of equal importance, the companies have expended enormous sums of money, and, as a general rule, have largely increased their bonded indebtedness; but this can by no means be said to be the true cause or reason for the stock and bond issue of most of the roads, so largely in excess of the actual cash cost of construction and equipment.

We have found some cases where the companies stand charged with capital stock, bonds, and other indebtedness nearly or quite ten times the actual cash cost of construction and equipment. In one instance, these charges exceed \$100,000 per mile of single horse car track, and this includes nothing but the track itself, and street repairs, whereas, in truth and in fact, it would cost less than one-tenth that sum to construct it anew. In almost every instance the charges against the companies for capital stock issued and bonded and other indebtedness exceed by several

times the actual cash cost of the road, real estate, plant and equipment.

This system of over capitalization and over issuing of bonds has become so prevalent as to call upon the Legislature for some immediate remedial legislation. While it is urged, and with much force, that limiting the power to issue stock and bonds to the actual cash cost would have a tendency to drive capital from investment in enterprises so hazardous as these, yet it is obvious that there should be some limit and there should be some control of this feature of these great corporations.

It is quite apparent that by this method of issuing stock and bonds the companies (where the receipts are sufficient for that purpose) are enabled to pay an apparently small dividend, which is, in fact, more than a fair return for the actual capital invested, and by that means make it appear necessary to charge a higher rate of fare than would otherwise be required. All appreciate that capital invested in these enterprises is entitled to a fair and reasonable return, but all benefits beyond what is fair and reasonable ought to redound to the benefit of the patrons of the road.

We have found one instance where a street railway company issued its certificates of indebtedness in an amount equal to the amount of its capital stock, to wit: Twelve hundred thousand dollars, bearing interest, payable annually, and running for thirty years. These certificates were divided up among the stockholders and taken as obligations against the company without the payment to the company of anything therefor. The statute ought to prohibit such a transaction by or on the part of any railway corporation.

In this respect the committee would recommend limiting the

power to issue stock and bonds and to create other indebtedness by street railway companies to a stated sum or percentage above the actual cash cost of property, construction, plant, and equipment; and we would further recommend upon this subject the passage of a bill which would require all street railway companies hereafter incorporated, before entering upon the business of the corporation, to obtain the consent of the State Board of Railroad Commissioners to the amount of capitalization stated in the certificate of incorporation, and also require every street railway company now in existence, or hereafter to be incorporated, to obtain the consent of the State Board of Railroad Commissioners to any increase of its capital stock before filing a certificate for such purpose, and also providing that no bonds shall hereafter be issued by any such street railroad corporation without the consent of the State Board of Railroad Commissioners.

Municipal Ownership.

The question of municipal ownership of surface street railroads and elevated roads, sometimes referred to as "Essential Monopolies," has been the subject of much discussion, and has attracted the attention of many people. We have attempted to give all classes an opportunity to be heard upon this question, and many have appeared before the committee expressing their views and giving their reasons for or against the various municipalities of the State embarking in this business. But few have advocated the ownership and operation of railroads by the cities. The preponderance of testimony taken, and the great majority of opinion expressed before this committee is against the system so commonly referred to as "Municipal Ownership." It is obvi-

ous that, with our present system of municipal government, the ownership and operation of railroads by the cities and municipalities would have a tendency to convert these enterprises into powerful political machines, the result of which would be detrimental to the public welfare. Some advocate the construction and equipment of the road by the municipal authorities at public expense, and then that they be leased to private corporations or private enterprises for the purposes of operation. Our attention has been called to the street railway system of the city of Glasgow. Dr. Albert G. Shaw, who has spent some years in foreign cities, and who has made a careful study of this subject, has given us many valuable suggestions and ideas. He describes the street railway system of Glasgow and the manner and method of its construction and operation substantially as follows: The city built and equipped the roads at public expense, and, when ready for operation, leased them to a private company. By the terms of the lease the private company was required to pay, semi-annually, the interest upon all the money invested; it was required to pay, annually, into a sinking fund a sum which, in twenty years, would be sufficient to liquidate the entire cost of construction and equipment; it was also required to pay into a repair fund, a sum sufficient, under all circumstances, to keep the road and equipment in perfect condition and repair, and to pay into the street fund, a sum sufficient to take care of that portion of the streets used by the roads in their operation, and, in addition to these it was required to pay some other taxes of minor importance. Under this lease the company operated the road for twenty years, and made all the payments required, and in addition thereto it made a large sum of money for itself. At the expiration of the term stated in the lease the road was turned

back to the city, all the cost of its construction and equipment and the interest thereon, together with its maintenance and repairs entirely liquidated and paid in full, and the city owned the road free of any charges. He informed the committee that a large percentage of the patronage of this road came from the laboring classes; in fact, the patronage of the Glasgow roads was very largely from the laboring people. It will be seen from this, that the money obtained for paying the cost of these roads and the interest thereon and all repairs and the profits realized from its operation, were taken very largely from the toiling masses. This is a system of economy which we believe no city can afford. It has been said that the street railway is the "poor man's chariot." Why, then, should he not receive all the benefits possible from this means of transportation? In our larger cities the toiling thousands are compelled by force of circumstances to go to and from their labor, morning and evening, by this system of transportation. They have neither horses nor chariots. They live too far from their work to walk. They are, therefore, forced to use the street railways, and it would seem that true economy would induce us to furnish this class with the cheapest transportation possible.

In many of the cities of foreign countries, and in some of our own, a cheaper rate of fare is given in the morning and evening of each day, thereby enabling the laboring classes to avail themselves of the opportunity of securing a cheaper transportation to and from their work.

Upon the subject of municipal ownership, Dr. Albert G. Shaw gave this testimony:

I have never dreamed of advocating municipal ownership in the city of New York. I have never thought of it as a remedy.

I do believe, if there is nothing in existing charters to prevent legislative remedy, that it might be possible to bring the whole business of transit in the city of New York under a better and more efficient public supervision to the end of giving us some relief here.

Q. Your idea is that these lines should be operated to a greater extent under municipal control, the municipal authorities having more power to give directions and enforce rules that the municipalities might establish? A. Yes; it would seem so; in saying that I make only a very general observation, because I have never pretended to have any ready made theories or ready made remedies for matters of this kind; I think the American cities the country over, have been unwise in not valuing more highly the great privileges they have conferred upon these companies; I recognize, on the other hand, the exceptional enterprise of many of the American street railway companies, and the immense advantage our communities derive from such facilities as they have, but I do not believe enterprise would have been checked if municipal treasurers had guarded financial possibilities a little bit more closely; I think these are questions of fact to be worked out precisely, as I judge your committee has been doing, by getting out precisely the kind of facts they were obtaining from the witness who preceded me; I do not believe the conclusions derivable from the experience of foreign cities, although I have been interested in them, but I never believed any experience derived from them of any applicability to our cities; but they throw some little side lights that are interesting, but conditions differ, but our heads are as clear as any ones, and we should be able to derive and work out deductions and true conclusions.

Mr. Thomas G. Shearman testified upon this subject as follows:

Q. Are you willing to express your views on the subject of municipal ownership of street railways? A. Yes, sir.

Q. Please do that. A. I believe that eventually these street railroads ought to be owned by the cities; I should not be in favor of an immediate transfer of these railways to the cities, not because of any tenderness of any corporation, but, on the contrary, my impression is in the present stage of opinion and present stage of public feeling, if an attempt was made to transfer these railways to municipal ownership and carry it through promptly, the cities would make a very bad bargain; I think in the course of time, when public attention has been sufficiently drawn, I think it can be introduced with great advantage to the cities, and with fairness to every one concerned; for the present, for immediate action, my judgment is that the best thing that the Legislature could do in the interest of the cities in the State would be to regulate the future sale of franchises on a different principle from that which now exists; I think all these franchises ought to be sold to the highest bidder, under careful restrictions, but only for a limited term, a very limited term; I do not believe that that term is at all likely to be made too short; I do not believe that you will get any lower bids for a term of ten years than you would for a term of thirty, relatively speaking, provided you adopt the principle that has always been adopted by New York to the ferries, that at the end of the term the next bidder takes the next bargain, subject to paying to the railroad company the full value of all its property it used in its business; on those terms I believe you could obtain for railroad franchises just as good bids as New York gets for its ferries, and under such arrangements I think a large revenue could be raised for the city, pre-

cisely as for the ferries and docks; I believe under those arrangements it could be adopted.

Q. When you speak of paying the fair value of the property, do you mean the fair value at the time the new company acquired, at the expiration of the lease? A. Yes.

Q. What it is then worth? A. Yes; not what it cost; that would almost invariably be a good deal less; the railroad company would suffer no injury, because the appraisers would put a liberal price upon it.

Q. The advantage would not be to the corporation going out, being awarded anything for the franchise? A. No; I would not award a penny for the franchise of the corporation going out.

Q. Take it right there in that connection; supposing the time was limited to ten years, and the lease had been given in 1895, do you think it would be fair to take away the property of an electric road to-day, at the end of 1895, that was electrified in 1890 or 1891, at its fair value the first of January, 1896? A. That would have the same — yes, subject to the conditions that I have stated.

Q. You know the development of electric roads in the last five years has cost those railroad companies numberless thousands of dollars? A. Yes.

Q. To illustrate; they commenced equipping their cars with motors that cost \$5,000 each; in the very first stages of propelling cars by electricity the motor cost \$5,000, and to-day the thing is not worth twenty-five dollars; now, would it be fair, if that system was in force, would you not retard and possibly prevent the adoption of improved methods? A. That is, of course, a very strong and excellent illustration.

Q. Take it in your own city, they have in the power-house of the Brooklyn City a generator for which the company paid \$45,000 in

cash, and the same generator can be purchased to-day for \$28,000.

A. I was not aware of these particular facts, but that part is in harmony with my general knowledge of locomotives and cars, etc.

John H. Inman testified upon the subject of municipal ownership as follows:

Q. What is your opinion upon the subject of municipal ownership of the railroads in the various cities in the State, if you have given that subject any consideration? A. I do not favor it at all, except perhaps in a large enterprise of this character which private capital hesitates to undertake (the witness was referring to the proposed subway road in the city of New York); generally speaking, I do not favor municipal ownership of property of that character.

William Steinway testified upon this subject as follows:

Q. What is your opinion upon the subject of municipal ownership of railways in general? A. I would be entirely opposed to it; I think it would be a huge political machine, a refuge for old political hacks, not good for anything, and be such a huge, unwieldy machine, and would make no money; the operation of these things should always be left to private enterprise where the city's interest is properly guarded.

The committee has attempted to obtain the evidence of all the persons whose names were given or suggested by the people advocating the passage of the municipal ownership bill, which was introduced in the Legislature of 1895 by the Hon. Alfred R. Conkling, of New York.

Dr. Raynsford, who was suggested as an advocate of municipal ownership, was subpoenaed, as was also Dr. Lyman Abbott, both of whom, on account of previous engagements, were unable to

appear before the committee during its session in New York. Dr. Abbott, however, wrote the committee upon this subject as follows:

“My whole knowledge on that subject is derived from the public press. I am heartily in favor of the ownership of all street railroads, whether elevated or surface, and whether operated by cable, electricity, steam or horse power, but this is based simply on two general principles; first, that the people have a right to own and ought to control the highways of the city, and such means of transportation are part of the highways; and, second, that the experience of municipalities abroad makes it clear that it is better for the people to own, if not to operate, such roads, than to depend on private corporations to do that for them. * * * But I have no information on the subject other than the public generally possesses, only such views and opinions as are the result of a considerable study of the general subject.”

Many other witnesses were called, who testified upon this subject, but we have only made special reference to these four as being the most prominent and among the best qualified to express an opinion in reference thereto. We unhesitatingly disapprove of the idea of municipalities owning and operating street railways. There may be, however, circumstances under which it is both feasible, practicable and economical for the city to construct and own the road-bed itself, and permit its operation by a private enterprise, under the direction and control of the city, but even that time is not yet at hand. The street railway systems of the State are, and for a period of five or six years have been, in a perfect state of transition. Millions upon millions have been expended in devising improved facilities for

street transit. It has been thought that electricity as a motive power would solve this problem and give to the people the best and cheapest means of rapid transit through the streets. For the period above stated it has been, of necessity, one continuous system of experiments, some of which have proved successful, but many of which have proved failures. The development of street transit in the last five years has been simply marvelous. This may be illustrated by the street railways of the city of Buffalo, which, five years ago, were carrying 12,000,000 passengers per year, and had but sixty-six miles of horse-car tracks. This has been increased until now they are carrying 46,000,000 passengers per year and have 146 miles of electric road; and there, as elsewhere, they have been in an experimental stage, casting aside one machine or implement for another which is more improved and better calculated to perform the service. This experimental business is something into which no municipality should be thrown. Even now, it is thought by many people of experience in these matters that the use of electricity as a motive power in propelling street cars may be ended within a very short time. It is now contended that an engine has been invented to be operated by compressed air, and that it can be supplied in one and one-half minutes sufficient to propel the car for twelve miles, and that this method is so much cheaper and so much more feasible than the operation by electricity that it is sure to take the place thereof. Should this happen, very many more millions now invested in street railways and street railway appliances would be rendered practically valueless. There is enough of this to demonstrate conclusively that the development of street transit and the method of propelling street cars are yet in a state of imperfection.

We are often cited to the conditions in certain foreign cities where the system of municipal ownership is either partial or complete, but a reference to the testimony of Dr. Shaw will disclose the fact that the systems of municipal government and the means of electing or appointing heads of departments are so different from our own as to render comparison of little or no value. For instance, take many of the cities of Germany, where the voting population is divided into three classes, the first class being the highest taxpayers; the second, the middle-class taxpayers, and the third, the balance of the voting population. In 1893, in the city of Berlin, the registered voters of the first class were 2,045; of the second class, 13,049, and of the third class, 96,543. At this election 976 of the first class, 4,858 of the second class, and 25,596 of the third class actually voted. Each class, under their system of municipal government, was entitled to elect one-third of the municipal council. This power was vested in each class utterly regardless of the number of votes that were cast, so it will be seen that at all times the taxpayers actually elected two-thirds of the municipal council, regardless of the number. Such a system does not prevail in any of the cities of the State of New York, but, as a rule, political lines are drawn, and politics is the controlling features at these elections.

In the cities of Germany great pains is taken in selecting members of the council who have had large business experience and are acquainted with the affairs with which they will be called upon to deal in their official capacity. This feature is too often overlooked in our cities. In fact, there is an apparent apathy or indifference among our most prominent business men, and they frequently display no interest in municipal elections or

municipal affairs. The detrimental effect of this indifference is so apparent as to require no discussion.

In nearly every city of the State, upon the streets where street railways are most needed, franchises have already been granted to private corporations, some of which have obtained more than a fair return for the money invested, while others are yet struggling for improved and increased facilities and have received little or no return for the investment. If we were to deal with the subject anew, that is, if no franchises had been granted and no roads constructed, the question would be materially changed, but such is not the condition, and we are forced to deal with it as it is.

Under all the conditions and circumstances, it would seem that the ownership and operation of street railways by the municipal authorities is quite impracticable at the present time. As an abstract proposition, we believe that no government, either national, state or municipal, should embark in a business that can be as well conducted by private enterprise. The reverse of this proposition carried out to a logical conclusion would put all business enterprises under governmental management and control, and leave to no citizen any hope, ambition or aspiration beyond that of seeking an official position that affords a meager existence.

Sale of Franchise.

The question of how franchises for surface street railways and elevated roads shall be disposed of is one that has provoked much discussion and produced considerable legislation. Various systems have been adopted, none of which have proven entirely practicable. Most of the legislation upon this subject has had for its object the payment into the treasury of a stated sum, or a

percentage of the gross receipts. Both of these systems have been tried, and both are now in use, and neither has resulted satisfactorily. In the city of New York franchises are sold at public auction to the corporation which will agree to pay the largest percentage of gross receipts into the treasury of the city. Quite recently a franchise was offered for sale under this statute, and when night closed with the bidding still in progress and the sale not yet made, one company had bidden 6975 1-16 per cent. of the gross receipts for the franchise being sold. Just what 6975 1-16 per cent. of anything is, is not clearly understood. Prior to this fiasco, it was generally supposed that 100 per cent. of a stated sum would include about all there was of it.

In other cities, franchises are granted by municipal authorities under contract to pay a percentage of the gross receipts. These, in some instances, amount to considerable sums of money, as one company in the city of Buffalo, under such contract pays about \$48,000 a year into the treasury. It has been urged by many that these franchises be sold upon the basis of a certain percentage upon the gross receipts, until those receipts reached a given amount, and as they are increased, increase the percentage accordingly.

One other feature to which our attention has been attracted and of which we desire to make mention is, should the granting of the franchise be perpetual? Again, we are confronted by the fact that most of them have already been thus granted; but should this system continue to prevail? We think not.

It will, we think, be conceded by every one that a street railway to be operated in a manner that will best accommodate the patrons of the road, must be successfully operated from a financial standpoint, and whatever sum is charged for a franchise, whether

it be a gross sum or a percentage upon the gross receipts, or upon a graduated scale, if the road is to continue to be successfully operated, must eventually be paid by the patrons of the road, and this is true of whatever burden is imposed upon the railroad company. It would seem to us that a system might be adopted having for its tendency the cheapening of fares rather than a payment of a portion thereof into the city treasury. These requirements should not be removed unless the roads are under such public supervision as will insure the lowest possible rate of fare that can be charged, maintaining the system, paying the operating expenses, and a fair return to the capital invested. We believe it would be better, and a better economic system for the various cities of the State, if these franchises could be leased for a stated period, say thirty years, to the corporation offering the the lowest rate of fare, accompanied by a contract providing for even a further reduction in case the receipts of the road were such as would justify it. A means of determining this question on a basis of fairness both to the company and the city should be provided.

Quite recently a company asking for a franchise in the city of Buffalo made a proposition to sell three tickets for ten cents. In the city of Detroit on December 4, 1894, a contract was entered into between the municipality and the Detroit Railway Company, the provisions of which were that the Detroit Railway Company should be given a franchise upon various streets of said city, which streets, however, are not the main arteries of travel and not the most favorably located streets for transit purposes. The provisions of this contract are to require the corporation to construct its road in the most modern and complete manner, the construction of which is provided for in said articles of agreement, and it

is to be done and performed under the supervision and jurisdiction of the board of public works of the city. The railway company is required to construct its tracks, pay the expenses of removing and replacing of pavement in streets that are already paved, but it is not compelled either to maintain the pavement or to pay the expenses of the same in any street except where the laying of their road or repairing it has rendered repairs necessary. The franchise is granted for a term of thirty years, and by its terms, the company is compelled to give a better service than is given by the transportation companies of the cities of the size of Detroit in the State of New York. The railway company is furthermore required between the hours of 5.45 A. M. and 8 P. M. to sell eight tickets for twenty-five cents, and these tickets entitle a passenger to a transfer over the entire lines of the company. Between the hours of 8 P. M. and 5.45 A. M they are required to sell six tickets for twenty-five cents. During all hours the price of a single ticket is five cents. By the terms of this contract, it is also provided that at the expiration of the lease the city shall have the right to purchase the road together with all the cars, motors, and appurtenances, the price to be fixed by a board of arbitration, three of whom shall be selected by the company, three by the city, and the six thus chosen to select the other three, and if unable to agree upon one or more of the last three, they are to be appointed by the Circuit Court of that county.

Where conditions are similar, we see no good reason why as cheap a rate of fare should not prevail in the cities of the State of New York.

Existing companies in some localities, with the present requirements, are not able to give a cheaper rate of fare than they are giving; in others, they are; and we maintain that it is better

economy to secure whatever benefits municipalities are entitled to by reason of the ownership of these franchises in the way of a lower rate of fare than by securing the payment into the treasury of a given sum of money or a percentage upon the gross receipts. To illustrate this proposition, we beg to again refer to the city of Buffalo. That company is required to pave and maintain the streets within its tracks, the rails of its tracks, and two feet outside on each side and it is required to pay a certain percentage of its gross receipts into the city treasury. A percentage of the gross receipts of the company is required for these purposes, and the same percentage of the nickel of the laboring man paying for his ride to or from his work is consumed for those purposes, and the wealth of the city correspondingly relieved from taxation. If these requirements were taken from the company, and the patrons of the road insured of a corresponding reduction in fare, it would, we believe, be highly beneficial to the city, and what is true of the city of Buffalo in this respect is true of every other city within the State.

We recommend the passage of an act by the Legislature providing that all franchises of this character hereafter to be disposed of be sold by lease for a stated period of time, say, not to exceed thirty years, at public auction, to the company offering the lowest rate of fare; that all requirements of the company for street repair and street maintenance be stated in the advertisement for such sale; and that it also provide for a further reduction in the event that the receipts therefrom justify the same; and that, in case of a disagreement between the municipal authorities and the company in respect thereto, either may apply to the State Board of Railroad Commissioners for a determination of the question, on ten days' written notice to the other, and that

the decision of the State Board of Railroad Commissioners upon that subject be final, and that no other application shall be made to that board upon the subject by either party for the period of two years thereafter. But no municipality selling or leasing any franchise or franchises in this manner should be permitted to prescribe different requirements than those upon then existing companies in that municipality; and the act should also authorize the municipal authorities to contract with existing companies in this respect for a reduction of fare.

We would further recommend the passage of a bill by the Legislature requiring every surface street railroad and every elevated road in the State of New York to sell tickets as low as the price of thirty for one dollar, which shall be good between the hours of 6 A. M. and 8 A. M., and 5 P. M. and 7 P. M. of each and every week day, whenever the gross earnings of any such road are sufficient to pay the operating expenses and fixed charges, together with a dividend of five per cent. upon its capital stock. Such bill should provide that whenever a disagreement shall arise between any of said railway companies and the municipal authorities the mayor of the city, or the president of the board of trustees of the village may, upon ten days' written notice, apply to the State Board of Railroad Commissioners for a determination thereof, and in the determination of such question, the State Board of Railroad Commissioners should have power to examine all the books of the company, the condition of its road, the method or means of propelling its cars and generating power therefor, and to examine, under oath, any person or persons whose testimony may be deemed of importance, or to require the production of any books, documents, or papers that it may deem necessary or advisable, and its decision should be final. A second or fur-

ther application to said board should not be permitted until after the expiration of one year.

Transfers.

In some cities of the State we find a general transfer system in vogue. This is true of the city of Buffalo, where the payment of one fare entitles a passenger to a continuous ride to any part of the city to which any of its lines are extended. We know of no good reason why this system should not be adopted by every street railway of the State. Such a system ought to be enforced by statute, and wherever it is practicable, railroad companies should provide for a transfer from one line to the other. Municipalities, in granting franchises, should keep in mind what may be required in the future development of the city, and by contract provide for such system of transfers and extensions of lines upon other streets in the future as will be most conducive to the public welfare.

Heating and Lighting Cars.

Every railway company of the character herein referred to should be compelled by some statutory provision to properly light and heat all cars in use for the transportation of passengers. In almost all instances, this is being done, the cars being properly heated and lighted, either by electricity or gas. In a few cases, however, this is not observed, and complaint is made by the patrons of the road where it is not done. We recommend the enactment of a law making this feature compulsory.

Overcrowding of Cars.

Much complaint has been made in many of the cities of the State of the overcrowding of cars upon various lines. This in-

vestigation has disclosed that in some sections of some of the cities, street traffic is very much congested, and at certain hours of the day cars supplied by the company seem inadequate to take care of the ordinary travel. This condition prevails in some places where the cars are run at the headway of thirty seconds. Often has the suggestion been made that municipal ownership of the roads would do away with the overcrowding of cars. It has been urged that in such event there would be no private interest to serve; that the municipality owning and operating the road would find it convenient to supply all parts of the city with such means of transportation as would enable each passenger to be seated while riding. Our attention has been called to the Brooklyn bridge, which is under municipal control, and we find that the trains and cars are there crowded to a greater extent than in any other place we have discovered within the State. We have been cited to the condition of things in foreign cities, notably the city of Paris, where it is said that overcrowding of cars is prohibited. We have taken the testimony of persons familiar with this system, and the method of obtaining tickets for passage upon the roads of that city. We find under that system, that each person's ticket is numbered, and that they are not permitted to take a car until the number of the ticket is called out by the guard. The evidence thus taken discloses the fact that in that city, in some instances, persons are required to wait for a period of two hours before their numbers are called and before they are permitted to pursue their journey. This system would hardly do for an American city. People evidently prefer to submit to the inconvenience of standing or being crowded, to waiting for a means of transportation.

Every street railway company should be required, so far as it is possible, to furnish reasonable means of transportation, but we know of no fixed rule that can govern this feature. We would recommend, however, that the statute be so amended as to provide that the mayor of any city or the president of the board of trustees of any village, shall, upon written petition of fifty residents thereof, proceed to investigate any complaint stated in such petition concerning the lack of proper service or the improper method of heating or lighting cars, and empowering such official to examine under oath, any person whose testimony may be deemed of importance, and to make a written requirement upon the railroad company in respect thereto, and also providing that if either party feels aggrieved at the action of the mayor or president in this respect, an appeal may be taken therefrom to the State Board of Railroad Commissioners by ten days' notice in writing, and thereupon the State board should proceed to an investigation of the subject, and its decision and determination should be final.

Regulation of Speed.

The conditions in various localities differ so materially that it is impracticable to prescribe by the general statute, a maximum rate of speed at which cars on surface street railroads should be permitted to run. In some localities it is entirely safe and expedient to propel them at a much higher rate of speed than in others. It would seem that the common council of each city should be required to fix the maximum rate of speed at which cars should be permitted to run in various parts of the city, and if the company deem such action unreasonable, it should have the right to take an appeal therefrom to the State Board of Railroad Commissioners, whose decision thereon should be final.

Use of Guards or Fenders.

The casualties resulting from the use of public streets by transportation companies has led us to examine into the question of whether or not it is feasible to provide each motor car with some sort of a guard or fender, and by that means render less liable to serious injury the pedestrians in the street. The evidence produced before us does not disclose that any guard or fender now in use in any locality will render accidents impossible, but we are satisfied that the use of some suitable appliances in our larger cities should be required. This is not so important in the villages or smaller cities of the State, as there the liability to injury is much less and the opportunities of avoiding an accident, much greater; but in the crowded streets of the larger cities all pedestrians are subject to more or less danger while crossing. No good reason seems to exist why appliances of some sort may not be used that will have a tendency to minimize the dangers here referred to. In some cities, they have in use a fender that catches the person struck by the car, thereby avoiding his being thrown upon the track beneath the wheels. In the city of Buffalo such an appliance is in use and seems to have proven quite successful. Similar appliances are in use in some of the other cities, and they are regarded with much favor. We would recommend that all surface street railroad companies operating cars in cities of the first and second class, by other than horse power, be required to furnish each motor car with wheel guards or fenders, or other appliances, that will have a tendency to prevent a person from going beneath the car, if struck by it.

There is another element of danger in the use of electric or cable cars upon double track roads of our larger cities. A car stopping at a street crossing to let off passengers on such a road,

usually discharges them from the rear end of the car and on the side farthest from the other track. A person thus leaving the car while it is standing, often desires to cross the street at that point, and passes around the rear end of the car and upon the other track, while another car is approaching from the opposite direction, and he is very likely to be upon the track in front of it before discovering it. Some roads have adopted a rule that while a car is thus standing, discharging or taking on passengers, no car shall pass it from an opposite direction, and where this rule is in force, it has practically avoided accidents of this character. This, or similar rule, should be enforced by statute upon all surface street railroads of the State.

Cost of Construction.

The evidence produced before the committee upon the subject of the cost of construction of electric roads differs somewhat in different localities, and, of course, it is entirely dependent upon the kind of road and method of construction. In some places, the condition of the streets is such as to very materially enhance the cost of construction over what it would be if they were free from obstacles. Oftentimes it requires changing and relaying of sewer pipes, gas and water mains, and in some other cases the blasting of rock through the entire street, and, in other places, a large expenditure is required to overcome the effects of quicksand; but, where these conditions are wanting, a first class electric road can be constructed with a ninety-pound girder rail for about \$16,000 per mile of single track. This includes the poles, wiring and overhead construction, but does not include any pavement whatever.

Mr. John H. Moffitt, the superintendent of the Syracuse Railroad Company, testified that the cost of a first class road with asphalt pavement was \$25,200 per mile of single track, with a sandstone pavement \$28,300, and with a brick pavement \$23,600 per mile. This does not include the wiring or overhead construction. That adds a cost of from \$5,000 to \$6,000 per mile. When asked to furnish the committee a detailed statement of the cost of the track without pavement, and without overhead construction, he furnished the following figures for a single mile of double track :

Excavation.	\$2,112 00
Ballast.	4,112 20
Ties.	2,640 00
Track laying.	\$2,640 00
Ninety-pound girder rail.	11,610 00
Bonding.	1,267 00
Drainage per mile.	250 00
Rail braces.	844 80
<hr/>	
Total.	\$25,776 00
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Or \$12,888 per mile of single track. These figures are varied but little by other witnesses for this class of road. Adding to this the cost of overhead construction would make the cost of the road, exclusive of pavement, about \$16,000 per mile, to which should be added the cost of pavement where the companies are required to do it.

Cost of Operation.

It is impossible to state any general price as the cost of operation, because conditions differ so materially in different localities. The testimony given before the committee shows this to be from fifty-five to eighty-five per cent. of the gross receipts. The expenses of operation in a city, the surface of which is level, is much less than where there are difficult grades to overcome. In the city of Buffalo, which is practically level, and where the conditions are perhaps as favorable as in any other city, it is said that it costs the company thirteen and sixty-eight one-hundredths cents per mile, exclusive of interest and taxes, to run its cars, and the cost of carrying the passengers is two and ninety-seven-one-hundredths cents per mile, including interest and taxes.

In making this investigation, the committee has attempted to deal fairly and justly by all parties interested. It has not been able to secure exact figures and data upon all features under consideration, but has done so wherever this was practicable, and the recommendations herein contained are made after a careful consideration of all the subjects and of all interests to be affected thereby. An examination of the testimony taken and of the documents put in evidence will disclose the impracticability of providing by statute a general rule governing all features of construction and operation of railways of this character. The conditions are so materially different that what would be suitable in one locality would be quite the reverse in another. All these facts have been taken into consideration by this committee in making these recommendations. If these suggestions can be incorporated in the statute governing this class of corporations

it will, we believe, result in substantial benefit to the people of the State, and do no injustice to any interest involved.

All of which is respectfully submitted.

S. FREDERICK NIXON..

PHILIP GERST.

W. D. STEVENSON.

E. H. THOMPSON.

EDWIN C. STEWART.

JOHN A. HENNESSY.

Dated, February 8, 1896.

TESTIMONY

TAKEN BEFORE THE

SPECIAL COMMITTEE OF THE ASSEMBLY, APPOINTED
TO INVESTIGATE THE DESIRABILITY OF MUNICIPAL
OWNERSHIP, AS APPEARS BY THE FOLLOWING RESO-
LUTION:

In pursuance of a resolution adopted by the Assembly on April 4, 1895, in part as follows:

Whereas, The sentiment in favor of municipal ownership of franchises, the profits of which are large and come directly from the people of the various cities, is growing throughout the State to such an extent as to demand a popular vote upon the question of municipal ownership; and,

Whereas, A bill is before this Legislature providing for a submission to a vote of the people of the various municipalities of the State, the question of municipal ownership of the street and elevated roads of the various cities; and,

Whereas, It has been charged repeatedly in the newspapers of Brooklyn and New York that certain railroad companies in the city of Brooklyn have watered to a large extent their capital stock and have leased their roads to foreign corporations, and included in these charges is the accusation that large sums of money have been taken either fraudulently from the treasury or wasted by the managers of the company leasing said road, and that the stockholders of the said companies have been unable to ascertain even the cost of construction of the roads referred to;

Resolved, That a committee of seven members of this house be appointed by the speaker, whose duty it shall be to examine all matters pertaining to the cost of construction, expense of operation, capital stock and bonded indebtedness, and the

general management of the surface and elevated railroads of the various cities of the State, and such other matters pertaining to said road as will give to the people of these municipalities proper information upon the question of the profits of said enterprises upon which to base their judgment as to the desirability of municipal ownership; said committee to report to this House whatever investigation may be made previous to the adjournment of the Legislature. Said committee to sit after the adjournment of this Legislature for the purpose of making such investigations in any of the cities of the State, and said committee is hereby empowered to send for persons and papers, to examine witnesses and employ counsel, and such other assistance as may be required for such investigation, and to incur such expenses in the premises as may be necessary to carry into effect the purpose of this resolution."

Pursuant to the above resolution, the committee, on the 8th day of July, 1895, met at the Hotel St. George, in the city of Brooklyn.

Witnesses were sworn and gave their testimony as follows:

Daniel F. Lewis, called and sworn, testified:

By Mr. Wade:

Q. Mr. Lewis, where do you reside? A. City of Brooklyn.

Q. And in what business are you engaged? A. I am president of the Long Island Traction Company.

Q. How long have you occupied that position? A. A little over a year.

Q. When was that company incorporated? A. In the winter of 1893, I think.

Q. And where? A. In the State of Virginia.

Q. Can you give the names of the original incorporators? A. Not without reference to the incorporating papers.

Q. Can you give some of them? A. I do not know that I can give any.

Q. Were you one of them? A. No, sir.

Q. At what time did you first become identified with the company in any manner? A. I became its president a little over a year ago, and I have been a stockholder in the company since its organization, and purchased that stock on the 15th of June, 1893.

Q. Prior to the 15th of June, 1893, you had no connection with it? A. No; in fact, it was going through the process of organization up to that time.

Q. Does that date indicate the time it came into existence prepared to do business? A. Yes, sir.

Q. Had it entered into any business prior to the time you became a stockholder? A. No; it had done nothing except as I tell you in the way of organization.

Q. Have you in your possession a copy of the articles of association? A. No, sir.

Q. Or certificate of incorporation? A. No, sir.

Q. Have you ever seen one of them? A. Yes, sir.

Q. What time did you first become a director of the company? A. I think it was in March, 1894.

Q. Who was your predecessor? A. That I do not know; now you are talking as a director.

Q. I mean now as president; who was your predecessor? A. Felix Campbell was my predecessor as president.

Q. Was he the first president of the company? A. I think he was.

Q. At what time did the company hold its annual meeting? What time in the year? A. March or April.

Q. And it was following the annual meeting of 1894 that you became its president? A. I think just prior or just after; I think prior to the annual meeting.

Q. How did the vacancy occur prior to that; by resignation? A. I have no doubt it did; I was not connected with it until I was elected director, so I know nothing about the matters prior to that; that is a matter I could find out about.

Q. I do not know as it is important; where is the annual meeting

of the company held? A. Held at the branch office of the company in Montague street, in the city of Brooklyn.

Q. Its principal office is where? A. I do not know that we call the Montague street the principal office, but it has an office in Richmond, Va., in addition.

Q. Is it engaged in business anywhere in that state? A. It is incorporated in that state; its reports are to be made there, and all the details of a Virginia corporation, so far as it relates to reports, and so forth, are made there naturally.

Q. Are they made there, or made here and sent there? A. They are submitted there.

Q. When I refer to this company being engaged in business there, I mean to inquire if it is transacting or carrying on this business within the State of Virginia? A. Why, yes; it was.

Q. It was incorporated for the purpose of constructing and operating surface street railroads? A. I do not know whether it covers the operation of the road or not; the articles of incorporation will give you all of that.

Q. Give us the nature of the business which is carried on in Virginia; I do not mean by that its making certain reports to comply with the statutes of the State. A. The Long Island Traction Company is incorporated for a number of purposes, and to do many things; at present it owns the capital stock of the Brooklyn City Railroad Company.

Q. I am inquiring as to the nature of the business it carries on in Virginia, if any? A. The office of the company being in Richmond, and another office in Brooklyn, the business which it conducts is conducted at either place, or both, and if you should ask what business it is doing now, what it is attending to, what it controls, then I can tell you.

Q. Has it got any railroad in Virginia? A. No.

Q. Has it any property in Virginia outside of its office? A. I think not.

Q. Does it carry on any business in Virginia except the office work of the business carried on in the State of New York? A. That is all.

Q. That is merely a record of the business transactions carried on in the State of New York? A. That is it; exactly.

Q. Have you been familiar with the business affairs of the company since you became a director, June 15, 1893? A. Yes, sir; I became a director prior to June 15th; oh, no.

Q. I understood that is the date of your connection? A. No; I became a stockholder June 15, 1893, and I became president March, 1894, or April.

Q. I will change the date until March or April, 1894; have you been familiar with its business since that time? A. Yes.

Q. Were you familiar with its business prior to that time? A. No.

Q. When did it first embark in business in the State of New York? A. I forgot the date; it was the purchase of the stock of the Brooklyn Heights Railroad Company; that would be it.

Q. Can you approximate? A. No; I don't remember.

Q. Can you state the year? A. No; I would rather have some one that knows more about it than I; it was done prior to my being a director.

Q. Then you know it was prior to the annual meeting of 1894? A. Yes, sir.

Q. Were you connected with any other railroad company in the city of Brooklyn prior to your connection with the Long Island Traction Company? A. Yes.

Q. What company? A. The Brooklyn City Railroad Company.

Q. Were you an officer of that company? A. Yes.

Q. In what position? A. President.

Q. From what time to what time? A. I was elected in December, 1886, and retired from the Brooklyn City Railroad Company just prior to accepting the Brooklyn Heights and Traction presidency.

Q. In March or April, 1894? A. Yes, sir.

Q. Did the Long Island Traction Company embark in any business here prior to its purchase of the Brooklyn City? A. I think not; the Brooklyn Heights railroad stock, they purchased that; they never owned any of the Brooklyn City railroad.

Q. Then I misunderstood you; when was the purchase of the Brooklyn Heights railroad stock by the Long Island Traction Company? A. I have already answered that I do not know; I was not in the company at the time the purchase was made.

Q. At that time, what relations existed between the Brooklyn Heights Railroad Company and the Brooklyn City Railroad Company, of which you were president? A. In March, 1894.

Q. Yes? A. The Brooklyn Heights were the lessees of the property of the Brooklyn City Railroad Company.

Q. Were you in any way connected with the Brooklyn Heights Railroad Company? A. I went into the Brooklyn Heights and Traction Companies simultaneously.

Q. Prior to 1894, were you in any way connected with the Brooklyn Heights Railroad Company? A. Yes, sir.

Q. In what capacity? A. Before it was purchased by the Long Island Traction Company I was president of it.

Q. From what time to what time? A. That I do not remember; three or four years.

Q. When did you cease to hold that office? A. When I sold my stock to disqualify me from the directorship and presidency.

Q. The time is what I want. A. That I do not recollect; I would have to look it up; I do not remember.

Q. Was it some years prior to the purchase by the Long Island Traction Company? A. I think it was in 1892; possibly in 1893; I think, however, in 1892; the latter part of 1892.

Q. Were you connected with the Brooklyn Heights Railroad Company at the time of the purchase by the Long Island Traction Company? A. No; I sold my stock, as I told you, in 1892, and that ended my connection for the time being with the Brooklyn Heights Railroad; after it was purchased by the Long Island Traction Company, as I say, in March or April, 1894, I was again elected president of it.

Q. President of the Brooklyn Heights Railroad? A. Yes, sir; it was then lessee.

Q. So you now occupy the position of president of the Brooklyn

Heights Railroad Company? A. No, sir; not to-day; I did until recently.

Q. How recently? A. Last week.

Q. Who succeeded you? A. Mr. Clinton L. Rossiter.

Q. Now, you have referred to the purchase of the stock of the Brooklyn Heights Railroad Company by the Long Island Traction Company and the Brooklyn City Railroad Company; am I correct? A. The Brooklyn City Railroad Company made no purchase of the Brooklyn Heights Railroad Company; the Long Island Traction Company own all of the shares of it.

Q. You are not familiar with the terms of that purchase? A. No, sir.

Q. Did you have anything to do with making that purchase? A. No, sir.

Q. Who was the president of the Long Island Traction Company at the time it was made? A. At the time it was organized?

Q. At the time this purchase was made? A. I think Mr. Campbell.

Q. And can you give the names of the directors at that time? A. No, sir.

Q. Can you give the names of some of them? A. I do not think I could.

Q. Was the terms of the purchase reduced to writing? A. That I do not recollect; I should have to make inquiry.

Q. What roads are to-day controlled and operated by the Long Island Traction Company? A. The Long Island Traction Company have control, through the lease to the Brooklyn Heights Railroad Company, of all the lands and property of the Brooklyn City Railroad Company; they control the Brooklyn, Queens County and Suburban Railroad Company through the ownership of the stock of that company.

Q. And when did the Long Island Traction Company acquire the stock of the Brooklyn, Queens County and Suburban Railroad Company; about when? A. I think it was in the winter of 1894.

Q. Were you familiar with that transaction? A. Yes, sir; quite familiar.

Q. Were you an officer of the Brooklyn, Queens County & Suburban Railroad? A. No, sir.

Q. Or have any connection with it? A. No, sir.

Q. That is, prior to their purchase? A. No, sir.

Q. What is the mileage of the road operated by the Long Island Railroad Company? A. They do not operate; they control 250 miles in odd numbers of single track.

Q. Two hundred and fifty miles of single track? A. Yes, sir.

Q. You say that company does not operate, but simply controls the operation? A. That is right.

Q. Which company? A. The Brooklyn, Queens County and Suburban operates its own road; the Brooklyn City is operated through the lease to the Brooklyn Heights by the officers of the Brooklyn Heights.

Q. Through its own employes? A. Yes, sir.

Q. Does the Long Island Traction Company have any authority in selecting the operatives of either of these roads? A. No, sir.

Q. Or in directing the management of either of them? A. No; I might say for your information that the boards of directors of the two companies and officers have been identical in order to facilitate matters.

Q. Then, when you are operating the road, or directing regarding its managements, or purchasing supplies for it, you are acting in the capacity of president of the Brooklyn City Railroad? A. Not at all.

Q. Or the Brooklyn Heights? A. That is right.

Q. Excuse me if I confuse these companies? A. I do not wonder that you do.

Q. And you do that the same as though you had no connection with the Long Island Traction Company? A. Yes, sir; separate and distinct.

Q. What are the functions of the Long Island Company? A. It is a proprietary company.

Q. What does it do? A. It owns property.

Q. Of what character? A. Owns the stock of the Brooklyn

Heights Railroad Company; it is lessee of the Brooklyn City Railroad Company.

Q. Anything beyond that? A. Yes, sir; they own the stock of the Brooklyn, Queens County and Suburban Railroad Company.

Q. Anything further than that? A. I think not in the way of stocks or leases.

Q. Then, of itself, it is carrying on no business? A. Oh, yes; it owns this property, but the active operation is through the Brooklyn Heights Railroad Company, and the Brooklyn, Queens County and Suburban Railroad Company.

Q. It sustains the same relation to that company that an individual would owning a portion of its stock or the whole of it? A. That is right, exactly.

Q. And no different? A. No.

Q. And has it any other business except its proprietary interest in the stock of these companies? A. Not at present.

Q. Then the business it carries on in connection with the business of those two companies, then, would be the business of the individual stockholder owning a portion or all the stock? A. Practically not.

Q. Now, then, it must follow that, in and of itself, carries on no business except the holding of its capital stock? A. It is a company regularly organized for the purpose of owning these properties.

Q. It owns the stocks? A. Yes, sir; it owns the entire capital stock of the Brooklyn Heights, and Brooklyn, Queens County and Suburban, so it is only different from an individual in that it is a corporation doing business in a corporate capacity.

Q. All it can do is to vote its stock at a stockholder's meeting and elect its officers? A. Yes, it votes its stock, and any other business that develops in connection with the ownership.

Q. I do not mean that it may not have outside business, but I mean in connection with these two companies, the Brooklyn Heights and the Brooklyn, Queens County and Suburban? A. Whatever is necessary for the Long Island Traction Company to do in its corporate capacity it does; for instance, suppose you

wanted to join the Brooklyn Heights in a note; the board of directors would meet, and they would give the proper officer authority to execute; if it was a mortgage or a purchase of any other property, or any other business for which it was incorporated, it would do in a corporate capacity, through its board of officers; a line of distinction can be drawn between it and the ordinary individual stockholder.

Q. That does not pertain, however, to the operation of either of these roads? A. No, sir.

Q. I want to confine it to the operation of these two roads? A. These two roads are operated by themselves, regularly organized as a board of directors and officers.

Q. And those directors elected by the Long Island Traction Company? A. By the owners of the stock, which is the Long Island Traction Company.

Q. Then it must be by the Long Island Traction Company owning the stock? A. Yes, sir; that's right.

Q. Now, if you, as president of the Long Island Traction Company, want to indorse the note of the Brooklyn Heights Railroad Company, why that is an act of the Long Island Traction Company, disconnected with the operation of either of these roads? A. Certainly.

Q. What I want to know is, if there is anything under your arrangements that the Long Island Traction Company can do pertaining to the operation of either of these roads? A. No; it would be contrary to law; nobody can operate a railroad in the State of New York except a corporation organized under the laws of the State of New York.

Q. Now, Mr. Lewis, does the Brooklyn Heights Railroad Company itself own any surface street railroad? A. Oh, yes; it owns its own road—or rather, it has control of its own railroad.

Q. Is it the owner of any road? A. No; they are not the owners of any other road except their own road.

Q. I want to get at their own road; they do own some road? A. They have its own capital stock, which is owned by the Long Island Traction Company.

Q. Did the Brooklyn Heights Railroad Company ever construct any road? A. Certainly.

Q. Where? A. From the foot of Montague street to the head of Montague street, a distance of about half a mile.

Q. That road was constructed by the Brooklyn Heights Railroad? A. Yes, sir.

Q. At what time? A. About four years ago, if my recollection serves me right.

Q. Did it ever construct any other railroad? A. No, sir.

Q. Did it ever own any other railroad? A. No, sir.

Q. Was it, when constructed, constructed as an electric road? A. No, it was constructed as a cable road.

Q. How is it operated? A. By cable.

Q. With what line is it connected, if any? A. It is not connected with any other line, except it operates over a branch of the Brooklyn Heights Railroad to get to its car-house.

Q. So that it was not constructed as forming a continuation of another road? A. No, sir; it was separate and distinct.

Q. That company was organized under the laws of the State of New York? A. Yes, sir.

Q. At what time; do you remember? A. No, I do not; it was some few years ago; six or eight, perhaps.

Q. And is that piece of road now operated in connection with that which it leased from the Brooklyn City? A. Yes, sir.

Q. Do you remember the time the contract of leasing the Brooklyn City to the Brooklyn Heights was made? A. It was made on the 14th of February, 1893, and its property delivered under the lease of June 6, 1893.

Q. Can you tell what streets the Brooklyn City covers? A. No; I should think it was about 100, at least.

Q. One hundred different streets? A. Yes, sir; I should think so; that is, parts of the streets; not the whole of the 100 streets; they run upon, I should think, 100 different streets.

Q. Does it have any connection with the Brooklyn, Queens County and Suburban? A. It intersects their road at some points; and we have a mutual transfer between us at certain places.

Q. Have you anything in your office, Mr. Lewis, that will show this committee the trackage? A. Yes, sir.

Q. Of the Brooklyn City Railroad? A. There is a survey of the Brooklyn City Railroad Company's tracks, which is in pamphlet form.

Q. Have you a profile of it also in the office? A. No, sir.

Q. A map of it? A. Yes, sir.

Q. That would show accurately the mileage? A. Oh, yes.

Q. And the different streets covered by it? A. Yes, sir.

Q. What is the amount of the capital stock of the Brooklyn Heights Railroad? A. Two hundred thousand dollars.

Q. What is the amount of the capital stock of the Long Island Traction Company? A. Thirty million dollars.

Q. And of the Brooklyn City? A. Twelve million dollars.

Q. And of the Brooklyn, Queens County and Suburban? A. Two million dollars issued.

Q. And how much authorized? A. I think twelve or fifteen, and I have forgotten which.

Q. Fifteen, I think? A. Twelve or fifteen.

Q. When was the Brooklyn, Queens County and Suburban organized? A. I think in the fall of 1893.

Q. And what is the number of miles of road which it has constructed? A. About 50 miles, and that 50 is included in the 250 which I previously referred to.

Q. Well, so that there will not be any confusion, that means 50 miles of single track? A. Yes, sir.

Q. I suppose these roads are all practically double tracks? A. I think they are.

Q. So that would be 25 miles double track road? A. Yes, sir.

Q. Where is the power-house of that company? A. Of the Brooklyn, Queens County and Suburban?

Q. Yes, sir. A. It has none.

Q. Did it ever have? A. No.

Q. When was its operation begun? A. By electricity?

Q. Yes, sir. A. In the spring of 1894; summer of 1894.

Q. Was it operated prior to that time in any other manner? A. By horses.

Q. For how long? A. It is a very old road; it is a consolidation of several roads, you know, and very old, many of them.

Q. That is, it was the consolidation of some horse-car railroad companies? A. Yes, sir.

Q. Were you connected with it at the time of the consolidation of those companies into it? A. No, sir; I never have been connected with it.

Q. Do you know anything about its business? A. Except in a general way.

Q. Do you know anything about its earnings and its operating expenses? A. No; not intimately.

Q. That is, your position as president of either of the other companies does not require any investigation, on your part, into the matters or business of the Brooklyn, Queens County and Suburban railroad? A. Except in a general way; that is all.

Q. Who is president of that company? A. Mr. Charles M. Englis.

Q. How long has he occupied that position? A. I think since its incorporation.

Q. Mr. Lewis, who are the stockholders of the Long Island Traction Company? A. I think there are about twelve or thirteen hundred, the last I heard.

Q. Who are the principal stockholders, if there are any that could be called principal stockholders? A. I should have to look at the list and see.

Q. Is it the owner of any tangible assets outside of the stock of these two companies? A. It has some cash.

Q. I did not mean to include that in my inquiry; simply the property that the company owns, if any, aside from its stock and its cash on hand — is there any? A. I think not.

Q. It purchased the \$200,000 of capital stock of the Brooklyn Heights Railroad Company; I do not know, but you told me when? A. I do not remember when it was.

Q. About the time? A. In 1893; probably shortly after its incorporation.

Q. Do you know at what price the purchase was made? A. That I do not know.

Q. Do you know what consideration was paid? A. No, sir.

Q. Have you anything in your possession or office that will disclose any information on that subject? A. I think not; this road was originally bought by a syndicate.

Q. Which; the Brooklyn Heights? A. Yes, sir.

Q. What syndicate? A. I do not know who they were; I never knew.

Q. Did you know anything about the transaction? A. No, sir.

Q. Or have any interest in it? A. No, sir; no interest whatever.

Q. Is the same thing true regarding the Brooklyn, Queens County and Suburban? A. I never had any interest in that either.

Q. When did you first become a stockholder of the Brooklyn Heights Railroad? A. I think about four years ago; possibly five.

Q. And were you one of the principal stockholders? A. Yes, sir.

Q. And familiar with the operations of the company during the time it was constructing the cable road? A. Fairly so; yes, sir; the road was constructed under a contract prior to my having any connection with it, with a construction company; they really had the construction.

Q. You were a stockholder of the Brooklyn Heights Railroad Company at the time the stock was sold to a syndicate? A. Yes, sir.

Q. And was your stock disposed of at that time by you? A. Yes, sir.

Q. And are you not able to state anything about the purchase of it by the syndicate, and the sale by yourself? A. Of the sale by myself; yes, sir; I sold it, and I know about the sale, but I was not a member of the syndicate, nor do I know what the syndicate was; so I know nothing about that.

Q. You understood something about the price it was sold at?
A. Yes, sir; certainly; the syndicate purchased the stock of me at 75 cents.

Q. How was that paid, in cash or property? A. I got a check for it; cash.

Q. So that at that time your stock passed from yourself into the hands of a syndicate, of which you were not a member? A. That is right.

Q. Did you know that it was purchased by the syndicate for the purpose of transferring it to the Long Island Traction Company?
A. I think I was familiar to that extent, that it was to become the lessee of the Brooklyn City Railroad Company — of the Brooklyn City Railroad Company's property when it was purchased.

Q. What was the syndicate or Long Island Traction Company?
A. Neither; the Brooklyn Heights; the stock of the Brooklyn Heights Railroad Company at the time it was purchased, no doubt, was intended to become the lessee.

Q. How long was it held by the syndicate; do you know? A. I do not; some months.

Q. You do not know whom the syndicate was composed of?
A. No, sir.

Q. Who did you negotiate with? A. For what purpose?

Q. For the purpose of selling your stocks? A. Mr. Hollins.

Q. Did you understand that he was connected with the syndicate? A. Yes, sir; I looked upon him as the principal of the syndicate.

Q. Was the scheme of organization of the Long Island Traction Company then in view? A. The organization of some company — proprietary company.

Q. And it was for the purpose of getting it into shape for the organization of that company? A. Yes, sir.

Q. That this transfer was made? A. To carry out this whole plan.

Q. Yes; then, Mr. Lewis, was the arrangement with you and others, so far as you know, in the sale of your stock of the Brooklyn Heights Company, to be actually paid for in stock of the pro-

prietary company? A. That I did not know anything about at that time; I did not know just what the plan was; I don't know that anybody knew at that time just what the plan would be.

Q. Do I understand you, you received 75 cents in cash for your stock, and then closed the transaction? A. As far as I was concerned as a stockholder.

Q. You used your cash in whatever way you saw fit? A. Yes, sir.

Q. Then, when you purchased stock in the Long Island Traction Company did you do the same thing? A. Certainly; I paid regular prices for my stock.

Q. Did it correspond in amount with that you received from the Brooklyn Heights Railroad? A. No, sir; I invested a suitable amount in the Long Island Traction Company.

Q. Do you really understand the purpose and object of the organization of the Long Island Traction Company? A. That is defined in its articles of incorporation.

Q. You and I know that that does not always indicate the purpose of the design of the promoters of the scheme? A. The first transaction, undoubtedly, was to purchase the Brooklyn Heights Railroad Company, being the lessee of the Brooklyn City Railroad Company.

Q. To purchase its stock? A. Yes, sir.

Q. Had the promoters of that company any other scheme contemplating the purchase of the stock of other railroad companies? A. I do not know that they had anything before them at the time; I think not; but it is there at any time to do what they please with it, of course.

Q. How much of the capital stock of the Long Island Traction Company has been subscribed for? A. The whole of it.

Q. And how much paid in? A. Fifteen dollars a share.

Q. What are the shares? A. A. One hundred dollar shares, par value.

Q. Fifteen dollars a share paid in in what? A. Cash.

Q. How much has been issued? A. The whole of it.

Q. So that the stock of that company cost the stockholders fifteen per cent? A. Yes, sir.

Q. Now, Mr. Lewis, was it the scheme in organizing this Long Island Traction Company and the purchase of the stock of the two other companies, and of the stockholders in the selling of the stock, that they should substantially take the stock of the Long Island Traction Company? A. No, sir.

Q. Did any of them actually go out? A. I have no doubt but what a good many of the Brooklyn Heights stockholders went out.

Q. Did any who were actually interested in its operations? A. Of the Brooklyn Heights?

Q. Yes, sir. A. They all went out naturally.

Q. Did they actually go out? A. Oh, yes; yes, indeed; it was a purely separate and distinct concern.

Q. Are not the officers of that company stockholders in it? A. In the Brooklyn Heights?

Q. Yes. A. They were at the time.

Q. Are they now? A. Oh, no; they are stockholders, of course, to qualify.

Q. So they retain a little stock? A. Each of the directors has one share.

Q. Did they not retain the one share at the time they made the sale? A. No, sir.

Q. Sell it and it was transferred back again? A. Yes, sir; sold it, and new directors were elected, and new officers were elected.

Q. Did the Long Island Traction Company issue any of its stock for property? A. I think that it issued its stock for the Brooklyn Heights stock.

Q. How was that trade made? A. That, I do not recollect.

Q. You say it issued its stock for the Brooklyn Heights stock? A. Yes, sir.

Q. I understood you to say that you sold yours for cash? A. Which?

Q. The Brooklyn Heights stock. A. So I did; I sold it to the syndicate,

Q. Then the Long Island Traction Company issued its stock to the syndicate? A. That, I think is so; I am not sure about that.

Q. Did you take part in that transaction for and on behalf of the Long Island Traction Company? A. No, sir; I was out of the Brooklyn City Railroad Company at that time.

Q. Who was active in that negotiation for the Long Island Traction Company? A. I suppose its officers.

Q. Undoubtedly? A. I do not remember who they were exactly, at the time the transaction was made.

Q. Did the Long Island Traction Company issue its stock for any other property? A. I think not.

Q. And in that transaction was the stock of the Long Island Traction Company taken at the same ratio as that taken by the cash purchasers? A. I do not remember what that original transaction was — just what it was.

Q. I think you told me \$2,000,000 of the capital stock of the Brooklyn, Queens County and Suburban railroad had been issued? A. Yes, sir.

Q. How much of it has been subscribed for? A. It was all subscribed for.

Q. What? A. In issuing it.

Q. I mean of the entire capital stock, how much has been subscribed for? A. Oh, \$2,000,000.

Q. No more has been subscribed? A. No, sir.

Q. May I ask you again the amount of authorized capital of that road? A. I think it is either \$12,000,000 or \$15,000,000; I am not sure.

Q. Are you familiar with the cost of construction of street railroads? A. Pretty generally; yes, sir.

Q. Do you know about what it costs per mile in the city of Brooklyn? A. Yes, sir.

Q. About how much? A. I think you take the present construction, including the special work as it runs about \$20,000 a mile a single track.

Q. What do you refer to as special work? A. Such as switches, sidings, turnouts, crossovers, and so forth.

Q. Those are largely eliminated in a double-track road? A. No, indeed; you have to have them constantly in a great many places.

Q. Does that include the cost of plant? A. No, sir; it is simply the track construction.

Q. How much is the putting down of the track? A. That is what I have been testifying to.

Q. No; just the labor in putting it down, and material furnished? A. I do not remember exactly; the \$20,000 a mile will take the whole of it.

Q. I want to segregate it now? A. I do not know the price of rails now; the last I knew was about 90 cents a foot, which included the rail, to fasten it, and the braces put in at every other tie, ties being about two and a half to three feet apart, depending on the traffic which the road would be required to do.

Q. How heavy a rail do you use? A. Various weights; from 60 to 90 pounds.

Q. I suppose you are constantly buying this material for repairs and so forth? A. Not constantly; occasionally.

Q. What is the price of 60-pound rails? A. I do not know what it is; the price of iron has fluctuated and advanced very materially lately.

Q. Now, can you give me the cost of laying the road, irrespective of furnishing any of the materials? A. I can not give it off-hand; I do not care to; any information which you would get should be pretty nearly correct; I can give you in detail the cost of construction at another time; it varies so.

Q. That can not vary much? A. Let me tell you how much; when we built our road, or when we converted it we bought a sixty-five pound rail.

Q. I said irrespective of furnishing the material — the labor of putting down the track? A. Only so far as any change in the rate of wages go.

Q. That can not fluctuate very much? A. No; that will not.

Q. Can you give that cost per mile? A. No; I would rather

give you a correct statement of these things, if I give it at all, which I will be very glad to do, if you wish.

Q. Did the Brooklyn City Railroad Company construct any road as an electric road? A. Yes, sir.

Q. About how much? A. We have built new roads and extended old lines.

Q. There was a time when it operated a road here by horse-power? A. Yes, sir.

Q. That was converted into an electric road? A. Yes, sir.

Q. Now, did it construct any road as an electric road new? A. Yes, sir.

Q. I do not mean built over? A. Yes, sir; from Thirty-ninth street ferry to a distance of about seven miles; that was a double track.

Q. That was entirely new? A. Yes, sir; that was a new line; it intersected with other roads, and could be regarded as an extension.

Q. Give me the extensions also; I want to get at the amount of road in excess of that that was converted from a horse-car line into an electric road? A. All our lines were horse lines except three, which were operated by steam motors, and they have all been converted except two small steam lines, and one horse line, a very small one; they were all converted at one time, covering a period of about eighteen months.

Q. In addition to that, you built new this seven miles of road? A. Yes, sir.

Q. Did you build any other extension or addition to the system? A. Yes, sir; we built extensions from time to time; the first extension which was built electric was the extension of Grand street road, running from Newton to Battery Bay.

Q. That was about how much? A. About three and one-half miles of double track.

Q. When was that done? Eighteen hundred and ninety-three.

Q. That was the first extension done as an electric road? A. That was the only extension built purely as an electric road.

Q. What was the mileage of the Brooklyn City railroad lines

prior to the time it was converted into an electric road? A. Immediately prior?

Q. Yes. A. About 200 miles.

Q. How much of that was operated by horse-power? A. Roughly speaking, 90 per cent.

Q. And the balance by what? A. Steam.

Q. Do you say some of the steam-power is still in use? A. Yes, sir; two little lines.

Q. How long? A. One about two miles and a half, and the other about two miles; they are spurs in the suburbs running to cemeteries.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

Daniel F. Lewis, recalled, testified:

Examination continued by Mr. Wade:

Q. I think I asked you before luncheon, the date you became president of the Brooklyn City? A. In December, 1886.

Q. And continued until when? A. Until March; I think it was 1894.

Q. So that at the time the Brooklyn Heights Railroad Company leased the lines of the Brooklyn City Railroad Company, you were acting in the capacity of the president of the Brooklyn City? A. Yes, sir.

Q. And you were also acting as president of the Brooklyn Heights up to a short time prior to that, were you not? A. I think up until about the time I sold my stock.

Q. To the syndicate? A. Yes, sir.

Q. I do not think you gave the date of that this forenoon; approximate as close as you can? A. I think it was in the summer or fall of 1892; perhaps the early winter of 1892.

Q. How long were the negotiations pending for the lease of the Brooklyn City railroad by the Brooklyn Heights railroad? A. Some months.

Q. And did they commence while you were acting in that capacity of both companies? A. I think not; I think I had retired from the Brooklyn Heights when that negotiation was going on.

Q. Can you state the amount which the Brooklyn Heights company is obligated to pay as rental for the Brooklyn City railroad?

A. They pay 10 per cent. on the capital issued, and the interest and taxes.

Q. They pay 10 per cent. on how much capital? A. Twelve million dollars; that is at the present time.

Q. Ten million dollars at the time of the lease? A. No; I think \$9,000,000 at the time of the lease; and it was hardly issued until it became \$12,000,000, and as it was issued, a dividend of 10 per cent. on whatever was issued.

Q. Was all of the Brooklyn Heights required to pay? A. Yes, sir; the interest on the bonds and taxes, and 10 per cent. on the capital issue, and such organization cost as might be necessary to protect the Brooklyn City railroad.

Q. What was the amount of the bonded indebtedness? A. Ultimately, \$6,925,000.

Q. And the rate? A. The rate varies; very much of it five per cent.

Q. The bulk of it is bonded indebtedness? A. Yes, sir; almost entirely; I think there is a small mortgage of \$2,000 real estate mortgage.

Q. The bond bears interest? A. Five per cent., \$6,925,000 underlying bonds, bonds on the property we have acquired.

Q. So the Brooklyn Heights Company pays 10 per cent. on \$12,000,000? A. Yes, sir.

Q. Five per cent. on \$6,000,000? A. Yes, sir.

Q. Six per cent. on \$925,000? A. No; it is all five per cent.; even the \$925,000; small issue of perhaps \$200,000 which bears six per cent.

Q. And it pays the taxes of all kinds? A. Yes, sir.

Q. Insurance? A. Yes, sir.

Q. The expense of maintaining the organization of the Brooklyn City? A. Yes, sir.

Q. So that the Brooklyn City is in a position of incurring no expense? A. That is right; they get a net 10 per cent. result.

Q. Yes; on the capital? A. Yes, sir.

Q. I show you a paper, bearing date the 14th day of February, 1893, and ask if that is a copy of the lease of the Brooklyn City Railroad to the Brooklyn Heights? A. I should have to presume it was; that is the date of the lease.

Q. You will find the description of the roads on the first three or four sheets, or four or five; that may enable you to say? A. That I could not say it was a copy, a true copy, without making a comparison with the original, but that is the date of the lease.

Q. Well, you see that it is certified by the Secretary of State; I do not want you to make the trouble of making the comparison? A. Yes; I should say that that was all right.

Q. And if it is not, I do not know what the difference consists of; I suppose it is? A. Yes; I think so.

Q. I see it is executed by you as president of the Brooklyn City Railroad Company? A. Yes.

Q. And by H. R. Nicholas, president of the Brooklyn Heights Railroad Company? A. Yes.

Q. Attested by Mr. Bogardus, secretary, and by Mr. Young, secretary of the Brooklyn City Railroad Company? A. Yes, sir.

Q. If you are able to state that in your opinion that it is a copy, I will have it marked? A. I should think it might be admitted.

Q. And if you want to take it and compare it, you may? A. It seems to me the certificate of the Secretary of State is sufficient.

Q. Very likely; you did not make but one? A. No, sir.

(Lease received and marked Exhibit 1.)

Q. What arrangement was made for acquiring stock in the Long Island Traction Company by the Brooklyn City Railroad Company at or prior to the organization of the Traction Company? A. The Long Island Traction stock was finally offered to the shareholders of the Brooklyn City Railroad, buying on a basis of three to one, on the basis of \$15 a share.

Q. Was that offer accepted? A. I think it was pretty generally availed of; yes, sir.

Q. And what amount of the Traction Company's stock was taken in that manner? A. I think pretty generally \$27,000,000 par value, at \$15 a share; the capital stock at that time was \$9,000,000; there was three shares offered of the Traction stock held for each share.

Q. When you say \$9,000,000, you mean the capital stock of the Brooklyn City road? A. Yes, sir.

Q. That stock was transferred to the Traction Company, one share for three? A. The stock of the Traction was offered to the Brooklyn City shareholders three of Traction for one full share of the Brooklyn City.

Q. Reversing it, the sale of the Brooklyn City stock was made for Traction stock? A. Not at all; the Brooklyn City remained as it was prior.

Q. They sold it? A. No; on the Brooklyn City the Long Island was issued.

Q. At the time the Brooklyn City capitalization was \$9,000,000? A. Yes, sir.

Q. Was not that stock transferred? A. No; that remained just where it stood, in the hands of the stockholders of the Brooklyn City Railroad; the Traction stock was then offered to the shareholders of the Brooklyn City, three to one.

Q. Who made the offer? A. I think the syndicate made the offer.

Q. Was that trade made of Traction stock for Brooklyn City stock? A. No; Traction stock was issued for cash, at \$15 a share.

Q. So it was an exchange of stock? A. No, sir.

Q. Did the same persons substantially who owned the Brooklyn City stock take the Traction stock? A. Pretty generally; yes, sir.

Q. So that the Traction Company realized from the sale of the stock about \$4,000,000? A. The syndicate did.

Q. Yes; what did the syndicate pay for it? A. I really don't know.

Q. Did they pay anything? A. That I do not know.

Q. Can you give us the name of any person that was in the syndicate? A. Mr. Hollins was the only party that I knew.

Q. H. B. Hollins? A. Yes, sir.

Q. What banking institution is he connected with? A. A private banker, with office at Wall and Broad streets, New York.

Q. Mr. Lewis, do you know whether that syndicate was composed largely of persons who were at the time owners of capital stock of the Brooklyn City road? A. I have not the slightest idea of who they were; I never knew.

Q. Did you ever make any inquiry in reference to that? A. No, sir; it was a matter of no interest to me.

Q. Did the Brooklyn City road, as a company, as a corporation, acquire any of the stock of the Traction Company? A. No, sir.

Q. It was done entirely by individuals? A. Yes.

Q. And when you say it was offered at \$15 per share to the Brooklyn City road, what do you mean, to its officers? A. No, sir; to its stockholders, as individuals.

Q. And you, as such stockholder, took a portion? A. I took my share; yes, sir.

Q. What was your share? A. About 3,000 shares.

By Mr. Nixon:

Q. The arrangement was, that each share of stock in the Brooklyn City Railroad Company could purchase three shares in the Traction Company? A. The par value of the Brooklyn City is \$10, so it required 10 shares to make really a full share; that full share had the opportunity to take three shares of the Traction Company.

Q. They were limited as to the stock they could purchase in the Traction Company to that? A. Yes, sir.

By Mr. Wade:

Q. At that time had the Traction Company acquired the stock of any other? A. I think not.

Q. So at that time it had no tangible assets of any kind? A. Except the stock of the Brooklyn Heights Railroad Company, that carried with it the lease of the Brooklyn City Railroad Company.

Q. You said it had not purchased any at that time? A. The Traction Company?

Q. Yes, sir. A. It had purchased the Brooklyn Heights stock originally.

Q. I asked you the question if the Traction Company had then purchased, and you said no? A. No other company excepting the Brooklyn Heights.

Q. It had then purchased the stock of the Brooklyn Heights? A. Yes, sir.

Q. That is, \$200,000? A. Yes, sir.

Q. Do you know what they paid for that? A. I do not.

Q. Never knew? A. No, sir; I only knew what I received for my shares.

Q. That was 75? A. Yes, sir.

Q. That was all the tangible assets that it had that you knew of? A. Yes, sir; the stock of the Traction Company and the lease of the Brooklyn City.

Q. The stock of the Traction Company represented the lease of the Brooklyn City? A. Yes, sir.

Q. And the stock of it took from or added to the stock of the Brooklyn Heights? A. Yes, sir.

Q. Seventy-five cents on 100 was the price you sold, with the advantages of the lease added to it? A. Yes, sir.

Q. And you, with others, turned over to this syndicate about \$4,000,000 of the stock of that company, knowing of no tangible assets that the Traction Company had except the Brooklyn Heights stock it had just purchased for \$150,000; is that a fact? A. At the time of which you speak, after the stock was issued at \$15 a share, they did have the \$4,000,000 in cash you speak of.

Q. You paid it? A. True.

Q. The syndicate had that? A. That was transferred to the Long Island Traction Company as a guaranty fund for the lease.

Q. How was that? A. That was transferred to the Traction Company as a guaranty to the Brooklyn City Railroad Company.

Q. By whom? A. By the Brooklyn City, as a guaranty of the covenants of the lease; that guaranty fund is in the hands of trustees as a guaranty.

Q. What interest has the syndicate in guaranteeing the fulfillment? A. They did have an interest.

Q. How do you know they had an interest? A. They had this interest, that they were accomplishing the lease of the Brooklyn City Railroad Company; they were obtaining a guaranty fund of \$4,000,000 for the purpose of a guaranty.

Q. Was it all, the lease of the Brooklyn City Railroad Company and the organization of the Traction Company and the getting together of the syndicate one general scheme; was that one general scheme? A. That I could not answer in that way; I should have to qualify my answer to that question.

Q. Let me see if I understand you correctly: A syndicate of individuals, with whom you were not acquainted, and never was, in some manner acquired \$30,000,000 capital stock of the Traction Company; that is correct so far — or \$27,000,000? A. This syndicate, no doubt, they had the Traction Company organized.

Q. They acquired it in some manner? A. Yes.

Q. The syndicate acquired \$30,000,000 of the capital stock of the Traction Company in some manner? A. Yes; the organization of the company.

Q. Did they go to Virginia to do that, simply because the laws of Virginia permitted it? A. I do not know.

Q. You had no knowledge on that subject? A. No; I think the object largely was that there is great saving in the corporate tax, for instance; in organizing in Virginia the tax is much less than New York State.

Q. You know you could not lawfully go on in the State of New York and issue \$30,000,000 in that manner? A. Why not?

Q. And not pay for it? A. They take their own way of paying for it; capital stock in New York has to be paid either in cash or stock.

Q. Yes. A. I have no doubt that was one object.

Q. You personally had nothing to do with it? A. No, sir.

Q. And were not advised in reference to it? A. No, sir.

Q. And did not advise in reference to it? A. Not in any formal way; no, sir.

Q. You had no interest in the Traction Company at the time of its organization? A. Nothing only getting my pay for stock.

Q. Did you acquire an interest in it? A. That would depend entirely on the plan that was offered; I could not make up my mind what I would do until I found out what they proposed to do.

Q. Did you know of the fact of its organization at the time it was organized? A. Yes, sir; it was immediately published.

Q. Did you know it was to be organized prior to the time it was organized? A. I think so.

Q. Did you know the purpose of the syndicate in acquiring your stock? A. I had an idea; yes, sir; to be used, as I said before, early in the hearing, as a lessee of the property of the Brooklyn City Railroad Company.

Q. It is not that yet; it is not lessee yet? A. The Heights is.

Q. I am talking of the Traction Company? A. Oh, I don't know; it was bought for the purpose of being lessee; the Traction Company was a proprietary company, organized for the purpose of controlling and owning various stocks.

Q. Did you know of the purpose of its organization before it was organized? A. I think I did.

Q. And took part in the discussion of the plans? A. Not formally.

Q. Informally? A. Probably.

Q. With whom? A. Mr. Hollins and our own directors.

Q. What interest did your directors have in that syndicate? A. None, that I know of.

Q. Do you know of any reason why they were discussing it? A. It was proposed to lease their road; they knew that.

Q. Leased by whom? A. By the Brooklyn Heights Railroad Company.

Q. So that the Traction Company and the lease of the Brooklyn City by the Brooklyn Heights did enter into one general scheme? A. Oh, yes; that was part of the plans.

Q. And it was deemed inadvisable to make that lease without the organization of the proprietary company? A. That was part of the plans; yes, sir.

Q. And you, as president of the lessor, and possibly of the lessee, when the negotiations commenced, did not know the persons who were to effect the organization of the proprietary company? A. No; I did not know; Mr. Hollins was the only party I knew in the matter.

Q. Now, Mr. Lewis, is it a fact that any money was put up or paid for the stock of the Traction Company in the first instance?

A. Certainly; \$15 a share for every share that was issued.

Q. Making the \$4,000,000? A. Yes, sir.

Q. And that money is now in trust, deposited with a trustee, as a guaranty for the Brooklyn City Railroad Company? A. That's right.

Q. Accumulating what rate, if any? A. I think on an average of 4 per cent., or a little over.

Q. To whose benefit is the accumulation? A. The lessee.

Q. The Brooklyn City? A. The Brooklyn Heights.

Q. The Brooklyn Heights? A. Yes; I would like to call the attention of the committee, that you will understand this 10 per cent. comes naturally from the operation of the road; the interest on this guaranty fund represents to that extent; it is applied towards paying the 10 per cent.

Q. The parties who own the stock put that up, naturally? A. Not necessarily; that stock is very much scattered.

Q. That is true, but supposing a profit is made by the lessee, the Brooklyn Heights, it goes to the Traction Company, the owner of its stock? A. Yes, sir.

Q. And then distributed on the stock of the Traction Company? A. If it gets any distribution; it has not been successful to any extent there.

Q. It is too much like Ezekiel's vision—a wheel within a wheel; at some time, Mr. Lewis, while you were president of the Brooklyn City Railroad Company, was a proposition in writing, signed by Thomas P. Swin, assistant secretary, presented to your board of directors, a proposition in writing in reference to the organization of this company, and the syndicate? A. Yes, sir.

Q. Do you remember that proposition? A. In a general way

that went to the stockholders at that time; I think that is what you referred to.

Q. Yes; it says a responsible syndicate, represented by the New York Guaranty and Indemnity Company, undertakes to procure the leasing of the Brooklyn City Railroad Company by a surface street railroad company, and to procure the guaranty, by the lessee, of 10 per cent. guaranteed on the stock of the Brooklyn City Railroad Company, and a deposit in a trust company, on a delivery of the lease, of \$4,000,000 as a guaranty fund for the performance of the lease; do you remember it contained that provision? A. Yes.

Q. Were you present when it was read? A. Yes, sir.

Q. To the stockholders? A. It was not read to the stockholders; it was sent by mail.

Q. You helped to get up the address, as one of the officers? A. The secretary's department did.

Q. You knew what it contained? A. Yes, sir.

Q. It contained this statement: "The board of directors are unanimously of the opinion that the proposition is a most favorable one, and unhesitatingly recommend it to the stockholders of the company;" do you remember your address contained that? A. Yes, sir.

Q. Now, Mr. Lewis, is not the fact that you indorsed a recommendation of that character sufficient to refresh your recollection as to what inquiry you made as to the responsibility of this syndicate? A. We know Mr. Hollins, as I said before, and the best inquiry we could make was how substantial were they as guaranteeing this lease, and they put up a sum of money, I think \$500,000, as a guaranty that this lease would be procured, and the other matters referred to in that circular, and that was deposited as an earnestness in the matter.

Q. What purpose does the Traction Company serve? A. It serves itself as a proprietary company in anything it might do.

Q. It is not essential to the operation of either road? A. No, sir.

Q. It does not tend to minimize the cost of operation? A. It

tends to be a helper in paying your 10 per cent. charge, because it furnished a guaranty fund of \$4,000,000, which has an income of 4½ per cent., and contributes towards the rental to that extent.

Q. It don't own the guaranty fund, does it? A. It does eventually; the trustees really own it at present but if the lease were terminated by mutual agreement to-day they would return to the Long Island Traction Company the whole of it.

Q. That would not be paying anything for the Traction Company's stock; that is, the proceeds of the Traction Company's stock? A. Yes, sir; it remains in cash until it is invested.

Q. Do you know what actuated the board of directors of the Brooklyn Heights Company in leasing the Brooklyn City? A. Yes, sir.

Q. What was it? A. Ten per cent. income.

Q. That was what moved on the Brooklyn City? A. I thought that was what you referred to.

Q. No, I could see that; it is the other fellow that I am looking after; what actuated the Brooklyn Heights Company? A. That company being owned by the Long Island Traction Company—

Q. No; it is a company in and of itself; it is a corporation doing business; now, what was there to induce the little Brooklyn Heights Company to lease the Brooklyn City Company's railroads? A. In the hope of making more than 10 per cent., probably.

Q. They did not have connecting roads? A. Well, they almost intersect each other; they can, by putting in a switch, fully intersect and make a part of the system.

Q. They did not at that time? A. No.

Q. Your Brooklyn Heights only had a half-mile of road? A. That was all.

Q. And that was a cable road? A. Yes, sir.

Q. And the other had 100 miles? A. Double track, yes, sir.

Q. Is it not a fact that the whole scheme was entered into for the purpose of creating a mutual interest in the stockholders of each company? A. No, not necessarily; you see, in a very short time after the Long Island Traction Company issued its stock the

stock began to separate and drift apart; there was no mutuality between them; their interest became opposite.

Q. Is there any antagonism existing between the Traction Company and any one else at the present time? A. A sort of antagonism.

Q. Any conflicting interests? A. No; I referred more particularly to the position of landlord and tenant.

Q. You consider them so closely identified that you mixed? A. That is true; the Long Island Traction Company absolutely owned the Brooklyn Heights; their boards are identical and their officers were until the other day.

Q. You, as president of the Brooklyn Heights Company, dealt with yourself as president of the Traction Company? A. We dealt with ourselves with whatever we owned.

Q. If you had any dealings you had to do that, didn't you? A. Certainly.

Q. Did you bring over the statements of the company showing the cost of the road per mile? A. I did not; I would ask the privilege of the committee to make a statement in connection with the matter, at a proper time.

Q. That would be, so far as I am concerned, perfectly agreeable, but I may want to ask you some questions when it is submitted. A. If the committee are ready I will make that statement now.

Q. I thought you wanted, later on, to submit a written statement. A. No.

By Chairman Nixon:

Q. Your statement will be in reference to the cost of construction? A. Yes, sir.

Q. You can do so now, if you wish. A. The question was asked, Mr. Chairman, what the costs of constructions of railroads was, and, as an expert, it is almost impossible for me to give an answer to that, unless I knew precisely what the conditions are. They vary so, and they vary very much indeed. You take a road through a street, and you pave it with granite in between the

tracks and outside, it would make a difference of \$10,000. Take a road where the grade is long and heavy costs and being the same as the Bowery Beach extension, and where not only a heavy fill, but where we had to build a bridge. I can imagine conditions where the extraordinary expenses of construction would amount to as much as the full construction on a street which was paved, for instance, already graded and paved, so that you follow the grade laid down by the city. I can imagine a straight track, costing a dollar a foot for a mile, where it would be \$10,000 a mile, where I would take 100 feet where there is \$25,000 worth of labor and material on it in that little 100 feet, so in giving testimony as an expert in the cost of track constructions it is almost impossible unless you give me the place and tell me what the conditions are. I said this morning, an average of \$25,000 a mile, single track, including switches, under car-house, and under earstand, and the manner of construction which you have under the most favorable conditions. Yet, as I tell you, you could find places where the extra work of grading and bridge building would cost as much entirely as a new construction work, so it is almost impossible for me as an expert to testify what tracks cost. Then, again, there is a variety of kinds of construction, light and heavy. I understand they are running as high as 110 pounds of iron to the rail, and 10-inch girder. This is all new, this 9 and 10-inch girder. It is only two or three years. There was none when we constructed our road. The only construction we knew was chairs spiked to the tie by the chairs which had a foot suitably arranged to spike to the tie. Then, again, the market rates of material vary very much. When we built our road we got a 65-pound chair rail and it cost, on an average, \$1.20 a foot for the material weighed. I hear you can buy a 90-pound rail at 81 cents a foot. I have known it to be contracted; which is over one-third less and over one-half more in material and weight. When, if you take the history of a road as old as ours, 41 years, and go into the cost of construction, you have to go into all the details. When we converted our road we threw away a good track for horse purposes, that would last, perhaps, ten years. It had to be thrown away

and this new construction put in. While to duplicate would be a certain cost and take the actual cost to us by converting when our waste is a different story. Take the cars the same way, it is not like buying a car to-day. It is more like buying four cars. While the property might be duplicated for very much less money, it has cost a great deal more than it could be duplicated for, because we have been through the evolution of the railroad. Now, the purpose of this committee, as I understand, is to arrive at the desirability of the municipal ownership of railroads, so in considering this question, it is not what you could duplicate a thing for, what you could put it in motion for, it is a question that, it seems to me, if it comes to condemnation proceedings, what its value is. That would be decided by its earning power and physical conditions and franchises, and so forth. So, for these reasons, I can not see where I can give an intelligent reply to the question which was put to me this morning as to the cost of construction with this purpose in view.

By Mr. Wade:

Q. Is that all? A. Yes, sir.

Q. Now, Mr. Lewis, is it not a fact that you could tell the committee substantially what it would cost to-day to construct the roads under your charge? A. No, sir; I could not; not without making a very careful calculation.

Q. You, as an expert, know substantially what it costs to take up the pavement, lay your tracks, and put it down again, do you not? A. Yes; in certain places I do.

Q. You know what it costs to do grading, do you not? A. Yes; I know about what it costs to do grading, but I do not know what a railroad costs without knowing how much grading would have to be done.

Q. You have been connected with the railroad eleven years in various capacities? A. Add sixteen years to that.

Q. I understood you that? A. I took the presidency in 1884, and occupied other positions in the sixteen before that.

Q. You have been connected with the road twenty-seven years?

A. Yes, sir.

Q. You must be familiar with the location, at least? A. So I am; but the variety of the work that has been done, making any aggregate cost, would be almost impossible to say.

Q. I suppose it is true when you determined to convert your horse-power line into an electric road you found it was substantially throwing away much of your horse-power line? A. Oh, yes.

Q. You stated in your statement that you could imagine a construction for 1 cent a foot? A. That is for material; \$1 a foot.

Q. One dollar a foot, I should say. A. That is for material, not including ties; simply iron chairs, and fastening of the rails; I do not know what the aggregate is to-day.

Q. There is binding? A. Yes, sir; binding and ties, and spikes and labor, and overhead construction, and supplemental wire and return wire.

Q. Now, will you state to the committee, approximately, what it would cost to construct to-day the 250 miles of track under your charge? A. I could not; I should have to jump at it, as I did this morning when I said \$20,000 a mile of single track; it may run more than that; I think at present prices it would; that is, to do the work.

Q. All the rail of the character you have spoken of? A. No, sir.

Q. Have you any T-rails? A. In only one of the little steam roads.

Q. Have you a girder rail? A. Yes, a large amount, and some center-bearing rail which is being gradually substituted by the use of the girder.

Q. Do you think your road here, the construction of the road itself, would cost \$20,000 a mile, single track? A. Yes, sir; I think more than that, probably.

Q. Do you think you can put together — do you think you can segregate the cost of the road and reach \$20,000 a mile? A. Yes, sir; more than that, I think; we have a great deal of special work

on the system which runs into money very fast indeed; this let-out at the bridge, 100 feet square, \$25,000; corner of Sands and Foot; that is not straight track at all, just entrances into the bridge; take our railroads at Ridgewood, I should not be surprised at \$40,000 to develop.

Q. Those are the frogs? A. Yes, sir; we have got one car house in South Brooklyn, with six miles of single track in it.

Q. That does not cost much to lay that? A. Yes, sir; it costs a great deal.

Q. You do not think that costs \$20,000? A. No; that is not included in my statement, but it goes in as part of the action.

Q. Can you tell within a million dollars of how much money it would take to build that road? A. Yes, sir; I think I could.

Q. How much? A. A. Well, I think \$2,500,000 to \$3,000,000 would reproduce our structure.

Q. Of the entire system? A. Yes, sir.

Q. Supposing we say \$3,000,000; do you think that would be the maximum? A. You are not taking in the Brooklyn, Queens County and Suburban at all.

Q. You put that in your 250 miles? A. Taking in the Brooklyn, Queens County and Suburban, it would be \$5,000,000 on \$20,000 a mile; that is about what it would be.

Q. Five million dollars? A. Yes, sir.

Q. You have how many plants? A. Power stations?

Q. Yes. A. Three.

Q. In operation? A. All three; yes, sir.

Q. Where located? A. One in South Brooklyn.

Q. What does that consist of? A. That consists of a station with maximum power about 12,000 horse power.

Q. That is your largest? A. No; we have one larger; one in the eastern district, when full of machinery, will develop 18,000 horse power.

Q. What is the cost of the first one you mentioned? A. Probably \$1,500,000, and the second about \$2,000,000; then we have one at Ridgewood, \$300,000 or \$400,000; in round numbers, I think the three stations cost about \$4,000,000.

Q. That is the entire property? A. Yes; for our three power stations; and then we have special buildings in the different parts of the system; this one in South Brooklyn, with six miles of single tracking, 200x700, two stories on one street and one on the other, having entrance at grade at three places, that probably cost \$350,000, with the land and building.

Q. Any other? A. Oh, yes; we have a great many stations.

Q. Of any particular moment? A. Yes; our Ridgewood stations, stations located at Ridgewood, in the eastern end of the city, I think that property is worth \$600,000 or \$700,000.

Q. Principally real estate? A. No; it is nearly all covered with buildings, and most of them substantial buildings.

Q. So you have got in about \$10,000,000 of values in all that property? A. That is, in real estate and buildings and machinery.

Q. Yes. A. I do not remember exactly what.

Q. That is what you have given? A. Taking the track in?

Q. Yes; the whole thing. A. We have got more than I have mentioned; our property has cost \$22,000,000 or \$23,000,000.

Q. No; not what it cost; I am getting at its value, or what it would cost to construct your road to-day; I suppose your real estate, you have lost on that part? A. I do not know about that; where there is appreciation in land, there is depreciation in the buildings.

Q. An off-set against that, you have got \$12,000,000 of capital stock of the Brooklyn City Railroad? A. Yes, sir.

Q. Outstanding; \$30,000,000 of the Traction Company. A. Yes, sir.

Q. Two hundred thousand dollars of the Brooklyn Heights? A. Yes, sir.

Q. And \$2,000,000 of the Brooklyn, Queens County and Suburban? A. Yes, sir; and the underlying bonds, \$925,000.

Q. I have not got to the bonds yet; you have got \$6,000,000 of first mortgage bonds? A. Yes, sir.

Q. On the Brooklyn City system? A. Yes, sir.

Q. Then, \$925,000 underlying bonds on that system? A. Yes, sir.

Q. Then you have got a bonded indebtedness on the Brooklyn Heights of how much? A. Two hundred and fifty thousand dollars.

Q. And any other indebtedness on that? A. Not on the Brooklyn Heights.

Q. And the bonded indebtedness of the Brooklyn, Queens County and Suburban, how much? A. There are issued now \$4,500,000.

Q. That includes that indebtedness, all of it? A. Yes, sir; and the Long Island and Brooklyn Heights have a joint note of \$1,875,000 out.

Q. Is that given for an indebtedness, or as collateral to one? A. No; that was issued for cash.

Q. I was correct, was I not, about the stock of the Suburban road, \$2,000,000? A. Yes.

Q. In stock and indebtedness amounting to \$56,925,000; how do you account for that, Mr. Lewis? A. Account for what, sir?

Q. The fact that you have, in stock and indebtedness, \$56,925,000, offset by about \$10,000,000 assets? A. That is not true.

Q. I asked you to go through with it, and you gave it to me? A. You have asked several questions, which I answered; I did not go into the Suburban at all.

Q. I asked you the cost of the 250 miles of road? A. Yes, sir.

Q. That includes that? A. I did not know it included equipment; I thought your question referred to the construction of the roadbed.

Q. I asked you to go on with the assets of the company. A. I could not do that minutely; I would have to give that in detail.

Q. Well, giving it in detail, you could not reach one-half of the \$56,000,000, could you? A. I think we could; yes.

Q. Will you do so on paper? A. I will try and do so; I do not know what you mean by value; value is not the cost to reproduce.

Q. You have got a business, and it cost something to get it? A. Yes.

Q. You have franchises that cost you a good deal to get? A. Yes.

Q. I appreciate that fact, and I was going to show it in a moment; the stock of your Brooklyn City Railroad is worth how much? A. In the market?

Q. Yes. A. I think it is selling at present at 178 or 179.

Q. It has sold about 300, has it not? A. Yes; when it was very much smaller; that sold up in anticipation of the increase of capital, which was supposed to be issued at par, and was.

Q. Giving the present holders an opportunity to purchase it? A. Yes, that's right.

Q. What kind of cars do you run on your road? A. Open cars and closed cars, varying in length from 35 feet over all to about 25 feet over all.

Q. The capacity of your smallest car is about what? A. Seating capacity?

Q. Yes. A. Twenty-two, and the largest car 60.

Q. You spoke in your voluntary statements about the cost of cars; if you were equipping your road new to-day, it would cost you more for car bodies than it did equipping it as you did, would it not, because of the fact that you would equip it entirely different? A. Do you mean originally, way back in horse-car times?

Q. No. A. No, I do not think we would; we paid very much higher prices; we bought car bodies at \$1,400 you can buy for \$900; you could not get an open car body then like these when we furnished our road.

Q. That was when? A. Eighteen hundred and ninety-three and 1894, and a little in 1892; it took about eighteen months; we worked very rapidly, and it cost us a great deal more; if we had worked slowly it would have cost us our business, and the interest on the money lying idle in power stations; as it was, we used in about six to nine months about \$3,000,000; we had to crowd everything.

Q. In fixing the cost of your road you have given us, do you take the loss of interest into consideration? A. Certainly.

Q. Loss of earning capacity? A. No, not earning capacity; our cost was increased by the rapidity with which the work was done.

Q. That could not apply to car bodies? A. No; those we contracted for with car builders, except those we altered ourselves.

Q. Do you have upon your cars any fenders or guards in front? A. Yes, we have 3,500 on to-day.

Q. Of what make? A. It is the Boston manufacture; I think they call it the Pnifst Fender; it is a fender approved by the special commission appointed by the State Legislature of Massachusetts, and afterwards adopted by Rochester and other cities.

Q. How long has that been in use? A. Not quite a year.

Q. By your road? A. Yes.

Q. Is that on all your cars? A. Yes, on all our cars; there is so much complaint now about its being an improper one the company is about to change to another fender.

Q. How much space does it occupy over the track? A. About 3 feet 6 inches from the end of the car.

Q. Lengthways of the track? A. Yes, sir.

Q. How close to the ground does it carry? A. We have a few on that are 3 inches from the fender to the track—not a practical arrangement; the average is about 8 inches from the ground.

Q. And do you think it is practicable? A. Our experience in eight months, after making careful examination through the claim department, we can make affidavit to 33 persons saved from death or serious injury; and we are mortally certain of 39 more who got on the fender, in eight months; during that time we carried 60,000,000 people.

Q. Then you would conclude it is practicable to use it? A. I think so, yes; but there is—

Q. Would you think it practicable to operate a road, an electric road in a densely populated city, without the use of some sort of a guard or fender? A. No, I think a fender is a good thing; perhaps, in connection with the fender which we have, a wheel guard

could be introduced; I do not think a fender fastened to the front of a car will accomplish everything; it should be supplemented by some kind of a wheel guard.

Q. Mr. Lewis, how many lives have been lost by the operation of your road in the last year? A. In 1894.

Q. Yes. A. The calendar year we killed 10 people, and carried 90,000,000 of people; and in 1891, when we operated by horses entirely, and carried 60,000,000 of people, we killed 10; the last six months of 1894 we killed 3.

Q. I notice by the reports in the papers that the number has reached a little above 100, all told? A. Yes, sir.

Q. Is that correct? A. I think not; it covers a period of three years, and if they continued that for thirty it would be correspondingly as large.

Q. It covers a period of how long? A. Three years.

Q. Since the introduction of your trolley system? A. Yes; that is the whole system; I do not think it is the Brooklyn City line alone.

By Chairman Nixon:

Q. I understand it was deaths resulting from trolley accidents throughout your city? A. That is not true; a great many people included in this one hundred and some odd, their death has been caused by other things than the operation of the trolley road; fallen from the elevated road, from chimneys, and run over by trucks used for construction purposes and operations, and very few, if any charged are the result of high speed which the newspapers are making such crusade against.

By Mr. Wade:

Q. Would you, Mr. Lewis, advise legislation prohibiting the use of an electric car in a densely populated city without the use of some guard or fender? A. I think it would be just as well to have legislation, but I think the choice and discretion of the officers and directors of a company would lead them to adopt fenders without legislation.

By Chairman Nixon:

Q. It does not always do to leave that to the discretion of a company? A. Not always, but as a rule it does, because to avoid a bill for damages and claims for damages, as a rule, they will.

By Mr. Wade:

Q. Supposing you were in the Legislature, and out of the railroad business, and had your experience in operating electric roads, would you deem it wise to legislate upon that subject? A. I do not think it would be unwise.

Q. Do you think it would be unwise to undertake to prescribe the kind of guard or fender? A. Yes, sir; I think it would be very unwise; I do not think it is practical.

Q. You would require the companies that you manage yourself now, the reasonable use of the most modern and improved appliances to avoid accidents? A. Yes; I do not think there would be any objection on the part of the railroads to any such legislation of that kind, but I think, to make it specific as to the kind, would be a very serious objection and all wrong.

Q. Would you deem it advisable to enact a law authorizing municipal authorities to prescribe the kind of guard or fender or other appliance which should be used to avoid accident? A. I think there would be no objection to that, and I think it might be regarded as good legislation, provided the bill was carefully drawn, so it would not favor any particular patent or particular company.

Q. To just say that the common council of the city of Brooklyn should tell you what to put on? A. I think your first question was better—to prescribe the requirement of a fender.

Q. Isn't that the same? A. The kind, you say; it might be a particular one; I do not think it would be wise.

Q. Then there would be absolutely no use to bring the municipal authorities into it? A. Yes; they should prescribe the requirement—that is, it should be done in a certain way; to have hair mattresses in certain places for people to fall on would not do, but leaving it open so it would not tie the railroads to any specific

thing; gentlemen, I think the mayor here, perhaps the chairman will remember on the subject, the mayor and police commissioner and commissioner of city works were to prescribe the material and kind and requirements of some carefully drawn measure there was several bills there, two I think — one came from the railroad committee and the other from the mayor of Brooklyn; I thought they was pretty fair bills; there was no objection on the part of the railroad company to them—

Q. About what is the expense of one of those guards — the one that you use? A. I forget; we paid different prices; I think ours will average, with the labor, about \$20 to \$25 a car, and I have seen some as high as \$60.

Q. Have you had any experience in the operation of a road elsewhere than in a dense population? A. Oh, yes; our road covers a variety.

Q. Your suburban road? A. Yes, sir.

Q. That runs through the country for a ways? A. Yes, sir.

Q. What do you say, Mr. Lewis, as to the feasibility or as to the necessity of that requirement in such a locality as your suburban road? A. I think it is not as necessary quite, in the suburban districts; I think the wheel guard is good under any circumstances, but the front fender is more useful in a crowded section.

Q. You spoke about the complaint of the use of the front fender; what occasions that complaint? A. I think, largely, the room of certain people; this fender was recommended by the successor of Mayor Schieren — Mayor Bowdy.

Q. You mean his predecessor? A. Yes; and demanded on the part of the subway commission; while they had no jurisdiction, though, they claimed to take it, and visited various cities and came back fascinated with this Boston fender, and they almost demanded our putting it on, and we put it on; we were the first company to put it on; we have been experimenting the last few months; we have 18 different kinds of fenders on our cars, with a view of adopting the best.

Q. Tell the committee, if you can, and the purpose of this

inquiry is to give this committee the benefit of your experience as a railroad man, what is the occasion of the complaint of that fender, what fault do the complainants find with it? A. They say it is not the best fender; they say it does not do the work that a fender should, these people who make the statements are not experts.

Q. Do they claim it occupies too much space in the street or anything of that character? A. No, I have never heard that complaint.

Q. That it is not adequate for the purposes for which it is constructed? A. That is their view of it; yes, sir.

Q. It is intended, Mr. Lewis, to prevent a person getting under the car, is it not? A. Yes, the front fender is, and the wheel guard is to prevent the wheels passing over them.

Q. Have you ever known of a person going under this fender? A. Yes; in nearly every fender I have ever seen used; they can not travel so close to the ground but what an arm, if a man falls in this way, could get under. The wheel motion of the car will raise it high enough to allow the arm to go in, and is very apt to crush the man, or else it elevates and he gets under the car; that is where a wheel guard would be of service, the front fender not catching the man the wheel guard would give him a second . chance.

Q. At what rate of speed do you run cars, if you have a prescribed or maximum? A. By recent ordinances of the city of Brooklyn we are running cars less than horse-car speed, which is less than six miles an hour; our grant gave us the right not to exceed ten miles an hour; they passed an ordinance refusing to allow us, in certain locations, to exceed eight miles an hour, and others six miles an hour, yet the conditions on the six miles an hour are exactly the same as the eight miles an hour; that is a matter that should be corrected.

Q. Is that under the ordinances passed in the winter by the common council? A. Yes, sir; one on the 25th of March and before it could be determined what the effect would be they passed another on April 1st covering this radius of one and one-

half miles from the city front, which reduced the speed on some of our lines to six miles an hour, which means including stops, not more than five miles an hour; a man can walk faster than that.

Q. By six miles an hour you mean that is the maximum rate allowed to run anywhere in that locality? A. Yes.

Q. And that is the same when you speak of eight miles an hour? A. Yes.

Q. That is so of that part of your road covering Fulton street? A. Yes.

Q. What do you regard as a safe maximum speed on a street of that character? A. I think in the rush we can not make, even if we desire, more than four miles an hour; after the rush is over, we could make nine miles an hour safely; they run twelve miles an hour on Third avenue, New York.

By Mr. Nixon:

Q. What do you mean by in the rush? A. The busy hours.

Q. What are those? A. In the morning from 7 o'clock until 9.30; in the afternoon from 5 until 6.30.

Q. The time the working people are coming home? A. Yes, that is the heaviest business.

By Mr. Wade:

Q. Take it in the middle of the day from 11 until 4 o'clock? A. On Fulton street.

Q. Yes; would you regard it a safe thing to do to permit the cars to run at the rate of nine miles an hour? A. No, and if they were permitted to run 100 miles an hour you could not make better than five, on account of the crowded conditions.

Q. I do not wish to be misunderstood, when I say permitted to run nine miles an hour, I mean permitted to run in there a little distance between streets? A. No, we could not do it; that street is so congested even between 11 and 4 we can not make better than five miles an hour.

Q. I understood outside of the rush? A. Take it in the night

or on Sunday when there are no vehicles on the street or no stops to be made you could make nine miles an hour; there is no one gets on much there; it is a business street largely.

Q. When I inquire about the rate of speed I do not mean to take it for one mile the average rate of speed you make the entire distance, because you might run one-half at the rate of forty miles and the other half so slow as to make an average of two miles; that would not be apt to secure the safety of the people?

A. No, indeed; I think the complete operation, unless confined to every part of Brooklyn, is inoperative; I think that ten miles an hour is the best that can be done; I think the self-interest of the railroad would protect everyone; if a particular kind of fender is required, that is another thing altogether; I have no doubt any railroad company in any city would prefer to get the best thing possible.

Q. To come back to the rate of speed again, do you see any impropriety in preventing the municipal authorities to control the rate of speed at which you are permitted to run the car? A. Ordinarily, no; I think that might be left with the city authorities, as the charter now provides; it provides they can make such reasonable regulations for the government and operation of vehicles of all kinds in the city; I think it is safe to leave it in that way; I think if anything unreasonable was enacted it would be short lived; I think they would change it themselves, or the courts would step in.

By Mr. Nixon:

Q. Public sentiment governs that? A. To a large extent; when we first introduced the trolley system there was a great many accidents in the city, but it is only temporary; it is always exciting to the people; it was made the subject of a crusade in all parts of the United States; then the people said, "Let's have speed regulations; if the speed regulation is wrong to have, we can change it;" the aldermen passed the resolution, and then it turns the people the other way; our office and the mayor's office was full of complaints.

Q. Because you do not make time enough? A. Yes.

Q. When a man is walking in the street he is anxious for you to run slow, and when he gets on board the car he wants you to go fast? A. That is right; exactly.

Q. That is human nature; have you, on your lines, motor cars with vestibules? A. No, sir; except on the Montague street line, which we have been talking about, the Brooklyn Heights cars, which run from the City Hall to Wall street ferry, through a street there is very little travel on, very few vehicles on and very few crossings.

Q. Do you know the difference in expense with a vestibuled car and without it? A. Yes, in a general way.

Q. About what is it? A. It will run all the way from \$75 to \$250, depending on how extensively you change it.

Q. The vestibule is usually made to correspond with the balance of the car? A. They generally do; sometimes, when it is put on after the car is built —

Q. I do not mean that; do you think there are advantages in using that kind of a car? A. Not in densely populated cities or heavily traveled streets; I think there is great disadvantage in it; I believe if we had, out of our 1,800 cars, all vestibuled, open and closed, both —

Q. You can not have closed cars, can you? A. They are not, indeed, either; say out of the 1,800 closed cars we have, I believe we would have two accidents to one if we had the vestibuled ends; they are either circular or half-circular or diagonal, and the stanchions and window-frames obstruct the view so it makes it much more dangerous to operate; a man's view is unimpeded entirely if there is no vestibule.

Q. Have you had any experience in operating that kind of a car in storms? A. Yes; and that is a hindrance; if a man closes his windows, then the snow and ice gets on the panes of glass and it is almost impossible to see; it soon gets so he has to throw his windows down, and then the purpose is destroyed; it is done for the protection of the motorman mostly, not for the protection of

the people; in some suburban places it might pay, from a humane point of view, but only from that.

Q. Is it not a fact that in a vestibule car you have no difficulty in keeping the motorman alone? A. We have no difficulty in keeping our motormen alone now; we do not allow anyone on the platform of a closed car, and the open car it does not figure.

Q. In an open car he is at times in crowds? A. No; we do not allow anyone to stand on the front platform; we allow no one to stand there.

Q. Do you think you could better it? A. We come pretty close to it.

Q. Your rule requires the motorman to avoid conversing with anyone while on duty? A. Yes; we enforce it very thoroughly.

Q. Don't you appreciate the fact that there is an advantage in a vestibuled car in keeping your motormen absolutely alone? A. I do not think it changes it at all, so far as that feature is concerned; the only advantage is it keeps the winds and storms away from your motorman, and in long trips, and particularly where cars are in suburban districts, it might be an advantage, but our roads being comparatively short, protected by houses, stoves in the cars so men can warm themselves at each end, I do not think it is any advantage; on the contrary, I think it is a very great disadvantage on account of the accidents.

Q. You think the disadvantages of a vestibuled car in the city of Brooklyn are greater than the advantages? A. There is no question about it in my mind.

Q. You think the danger in operating the road would be increased? A. Very much; I think double.

Q. In what manner do you heat your cars? A. By the use of stoves.

Q. Why not by electricity? A. I do not think you can keep your cars as warm by electricity; you can do it, but it takes a great deal of power to do it, a great deal of electric current; the expense is very much greater by electricity; it would be in our case.

Q. It could be no different in your case than in any other? A.

Yes, it could; in some cases they have a surplus power; we have none; our stations are so connected we have no surplus; some people require 200 horse power, and they have a 400 horse power engine generating power.

Q. Do you know what horse power is required to heat one of those generators? A. Yes; I think it would take one and one-half on an average; or perhaps two horse power.

Q. To what? A. To a car; I think, in our case, we would have to run 2,000 horse power more than we do to operate 1,000 cars; we have not got it spurred.

Q. It is a superior method of heating, is it not? A. I do not know that it is; for instance, you take the electrical heating of cars and opening both ends at the terminal, as we do at the Ferry and Bridge, and the car cools off, and you can not get back to warmth with electricity as you can with a stove; you can probably distribute your heat better.

Q. You have on your car three heaters? A. Yes.

Q. They are entirely out of the way and occupy no space in the car, and the heat is distributed in six places; whereas, with a stove, you have it in one? A. Yes.

Q. Now, do you think that the opening and closing the door of that car, heated in that manner, will change the temperature as much as opening and closing the door with a stove sitting in the center upon one side? A. Yes; you can get your heat back say to 60 degrees, quicker with a stove than with electricity.

Q. Have you ever run any cars upon this road heated by electricity? A. No, sir.

Q. Where have you had experience with it? A. They were tried in Boston; our consulting engineer was the consulting engineer of the West End Road, so we got the benefit of his experience, without trying it ourselves; and they have tried it on the Atlantic Avenue Railroad; I think that is all here; we have watched it in a general way, and I think the stove superior to any other.

Q. Mr. Lewis, what system of transfers have you, if any? A. We use the ordinary transfer ticket placed in the hands of trans-

fer agents at various intersecting points throughout the city, which are given to passengers upon request, and make transfers in that way.

Q. By whom? A. Through our transfer agents.

Q. Do not your conductors have them? A. No; we do not place them in the hands of conductors.

Q. Supposing I take the road on Fulton street, going towards the city hall, at what point will I first strike an intersection with some other branch? A. After leaving Fulton ferry at the bridge; no transfer station there; after you get to the city hall there we have a transfer station transferring from that line to the Montague line.

Q. Where do I get it? A. That is at the square at the city hall; we have two agents there, one to transfer to one line, and then to another.

Q. I have to go to this transfer station? A. He stands right by the car.

Q. So as to know I get off from the car? A. Yes, sir; exactly.

Q. And that I am entitled to it? A. Yes.

Q. Where is the next? A. Going up the Flushing avenue road running by the bridge you find one at the corner of Clawson avenue and Flushing avenue; that transfers to the eastern district; then along further on that road at the corner of Union avenue and Flushing.

Q. Where does that go to, if I change there? A. The eastern district; through Williamsburg.

Q. I take that branch towards Williamsburg? A. Yes, sir.

Q. Does that intersect any other road; is there another road I could take? A. Yes; there is a transfer station.

Q. What I want to get at is, will I be entitled under any circumstances to more than one transfer on one fare? A. No; I think we have not anywhere where you could get two transfers.

Q. For instance, if I get on at Fulton street and go to the first transfer station and there get a transfer on another branch — A. Yes.

Q. That would not carry me to any other transfer? A. Yes,

you could take a Court street line; you could get three in one place; from city hall, Fulton street to Court street, then the Court street car to Hamilton avenue; that is the last one you could get; then you can on Fulton street to Nostrand avenue, to Gates, and get one to Gates avenue; that would make two, the original ride and two other rides.

Q. Why should you not so operate it that a person taking a car at the bridge could go to any part of the city where your road or any branch of it runs, for one fare? A. The distance would be great; there is a limit to the fare in the first place, 5 cents; now, there is a limit to the distance you can carry a person for that fare, and I could imagine instances where you could ride, if a universal transfer were adopted, probably twenty miles for one fare; that would not be fair; it would be very unfair; it would be largely used.

Q. It would be as fair as riding one block for five cents? A. No; I think a man's riding one block is entirely his own choice; he has his own reasons; he thinks it worth it or he would not do it when he could ride six and one-half miles for 5 cents, and by the transfer system, now in effect, I think the average system is nine miles.

Q. Is it not true, so far as your acquaintance extends throughout the State, where various roads are operated under one system, that one fare entitles a party to ride to any part of the city reached by the road or any of its branches? A. No.

Q. Are you familiar with the Buffalo system? A. No; I am not.

Q. You can ride there all day for a nickel; I think that is right; I think you could ride from morning until night. A. People do not do that; it is only where you have a city like ours and men could ride and would ride in great numbers, thirteen miles, for instance, going from one place to another; you take from Hunter's Point, for instance —

By Chairman Nixon:

Q. He only refers to points within the city limits. A. This is all within the city limits.

By Mr. Wade:

Q. I can not put into my question the streets, because I am not familiar with the names of them, except I know where the bridge is; supposing you go down Fulton street and west and that car goes in a direction you do not want to travel any further in, but it intersects another branch going in a southerly direction and finally to a point, you do not want to go that direction any further, and finally intersects with another branch you do desire to go in that direction, all within the city limits, now, ought not your system to be such that would carry a passenger right through continuously to his destination? A. I do not think so.

Q. You think you could not afford it? A. No; I think if you go into that sort of thing the Legislature should increase the fare so it could be accomplished without confiscation; I am not familiar with Buffalo, but am with Brooklyn, and I know what the intersections are here, and I presume we have for the area here covered, as perfect a transfer system as any in the country.

Q. Do you transfer from the Brooklyn Heights to the Brooklyn City? A. Yes, sir.

Q. There is only one branch of that? A. That is all.

Q. From the Brooklyn City to the Brooklyn, Queens County and Suburban? A. We do in one place.

Q. Where is that? A. Broadway and Wendell avenue; that is a place many people change going from the western to the eastern district.

Q. Let me understand that; at that point does your main suburban line intersect with the Brooklyn City line? A. Yes, sir; one of the main lines of the suburban intersects one of the main lines of the Brooklyn City.

Q. You transfer at that point from the Brooklyn City to the Suburban and vice versa? A. Yes, sir.

Q. Why? A. Because it is a convenience to the people and we think it best; again, there is competition at that point and we think it judicious.

By Chairman Nixon:

Q. That compels you to; it is not a matter of judgment? A. Both; in operating the road we like to be popular, of course; that does move us in many things; and in competition we want to meet our competitors.

By Mr. Wade:

Q. Do you think it profitable to operate it in that manner? A. I think so.

Q. Have you tried the rest of it in that manner? A. No; we do not intersect much with the Brooklyn, Queens County and Suburban; in some places we do, but the travel is so light we hardly think it warrants; they do very little business on the crosstown railroad.

Q. Why don't you give your conductors transfer tickets to issue? A. We think it a very dangerous thing to do; there is opportunity for collusion between the conductors if the conductors handle tickets, even if the time limit is small.

Q. There is the opportunity for collusion with the men at the transfer stations A. Yes, but of the two evils we choose the least; we may have 25 or possibly 40 transfer agents against 1,000 conductors, so the risk is many times smaller.

By Chairman Nixon:

Q. It reduces the opportunity? A. Yes, sir.

By Mr. Wade:

Q. I should think you would increase the inducement, then? A. To be dishonest.

Q. Yes. A. Oh, no; that would not be right.

Q. I say, I should think you would increase the inducement—give a fellow a chance to do so much more? A. It may give one man a chance to make more, but we are very careful with those men, while it is impossible to be as careful in the other way.

Q. Under your system, Mr. Lewis, it is possible for a person to live somewhere in the city, and to get to the bridge would be re-

quired to pay three fares to your road? A. I think he has used very poor judgment in the selection of his home, if that is the case.

Q. I ask if such is the case? A. I can not imagine such cases.

Q. You can imagine plenty of them where it is true, because everywhere you have an intersection without a transfer station you have that? A. People don't locate that way.

Q. Why did you build your road there for? A. You take the people who live along our Crosstown line, they do not come to our city hall; they go to Williamsburg, or take the Twenty-third street ferry; people coming to the bridge could locate near our east and west line, so they could come on one fare.

Q. Let us assume a man was unfortunately located before you had your line constructed? A. It is the exception where they can not get a line running east and west to the bridge; the bridge being here, and the lines diverging in every direction; a man can locate almost anywhere in the city of Brooklyn, and by paying one fare get to the bridge.

Q. He can locate so he would have to pay three? A. No; I think he could two.

By Chairman Nixon:

Q. In other words, do not you locate him by your railroads in some cases where he would have to pay three? A. No, sir, I think not; it is possible two; we did pay two from our home, running across to Fulton avenue and then down town.

Q. Is there any place where you have competing lines where a man is compelled to pay two fares? A. Yes, sir.

Q. Where is that? A. DeKalb avenue, running between our Myrtle avenue and Gates avenue; if he wants to get clear to the city and live on Tompkins street he could go to Gates avenue, requiring him to pay two fares; if he walked to Nostrand street, one block, he could get through on one fare; we have a road each side of DeKalb, and the Lafayette road also; there is competition; in some places two fares, and yet in other places where that competition exists he can get through on one.

By Mr. Wade:

Q. If he comes down the DeKalb line he intersects Gates? A. No; here is DeKalb and Myrtle and Gates all running in the same direction; we compete on each side of DeKalb avenue; if he lives one side he can come to the bridge for one fare; if he lives on the other side it takes two; then we have a crosstown road where a person can get on that; they have only one crosstown line.

Q. Have you any transfer station at any point near which you have not competition? A. Yes, sir.

Q. Where is that? A. You take Flushing and Clawson, Union and Flushing, Bushwick and Flushing, Rand avenue and Flushing where we have no competition of any importance and yet we have transfer stations there.

Q. What do you mean by of any importance? A. Such as surface companies or elevated railroads.

Q. What do you have there? A. We control pretty much that district ourselves.

Q. There is some unimportant competition? A. It is removed; take the Broadway line, that might be regarded as a little competition road.

Q. Little more inconvenient to reach? A. Yes, sir; and the elevated somewhat; before the elevated road was built we had transfer stations there.

Q. Is the business of your line increasing or diminishing? A. Under ordinary circumstances they increase from year to year, but during this depression we have had a falling off, in a sense, and the lowering in the rate of speed has had a bad effect in that direction; we are running behind last year.

Q. Do you every year make a report to the comptroller of your earnings? A. Yes, sir.

Q. Do you superintend that? A. That is the treasurer's duty.

Q. Do you have nothing to do with it? A. Nothing whatever.

Q. Know nothing about it? A. I see the returns, as a rule, but I do not know what is in it; the treasurer signs it.

Q. Is that not part of your duties? A. No, the by-laws place that entirely on the treasurer.

Q. Can you tell me about the gross earnings last year? A. June 30th, \$4,200,000, or something like that, I think; we have just passed another year, but I do not think what those receipts were, June 30, 1894.

Q. Four million, two hundred and eighty-four thousand forty dollars and eighty-seven cents?

(Paper shown witness.)

A. Yes, that's right.

Q. Have you anything to do with the Atlantic Avenue Railroad Company? A. No, sir.

Q. Did your Brooklyn City make any report in 1894 of the gross earnings? A. Yes, sir; they made a report to the State, of course.

Q. Are you sure about it? A. They do make it to the Comptroller, you know; they make it to the State Board of Railroad Commissioners; they have no passenger receipts; their receipts are in the shape of rentals; that goes to the Railroad Commissioners, and not to the Comptroller; the report goes to the Comptroller for taxes, which the Brooklyn Heights receive and consequently makes the return.

Q. I see by your report in 1894 they declared a dividend of 2 per cent. on the \$12,000,000, in July, from the surplus account?

A. That is the Brooklyn City Railroad.

Q. Yes. A. In addition to the regular dividend.

Q. Do you remember anything about that? A. Yes, sir.

Q. What I want to inquire about is what was the surplus account? A. The surplus account was the surplus which had accrued from year to year, covering a period of years, partly from operation of the road and partly from premium for which bonds sold for, premium accrued largely of the 2 per cent. out of the bonds sold, and not out of the operation of the road.

Q. The Brooklyn Heights railroad made this lease on the 14th of February, 1893? A. Yes, sir.

Q. And it was organized in 1887, as it appears from this report?

A. The Brooklyn Heights?

Q. Yes; date of organization of company, April 1, 1887, showing that the capital stock was \$200,000, all of which was paid

in; do you know anything about it, how it paid in? A. I do not; I think the securities—

Q. Let me ask you what the bonded indebtedness of that road was when you were president? A. The same as it is to-day—\$250,000.

Q. That would very easily construct its one-half mile of road? A. No, sir.

Q. What? A. No, sir.

Q. What was the matter of that half mile? A. It is an expensive structure.

Q. A cable road? A. Yes, sir.

Q. It does not cost \$500,000 a mile? A. Oh, no; it is a double track and has a power station, which is removed from the main line by a restriction which the owners of the property required when they gave their consents.

Q. How much did it cost? A. I don't remember exactly.

Q. About how much? A. I couldn't say; I think the securities were issued entire for the construction of the road.

Q. Don't you think the road was constructed entirely for the securities issued? A. Yes, I think that is so, too.

Q. And that the stock was a bonus to it? A. No, I don't think so.

Q. Is it not a fact that the contract was made for the construction of the road and for that it was the construction company which received the stock and bonds substantially? A. I think there was other cash paid besides the bonds, but what it was I don't know.

Q. Was it more than a nominal sum? A. More than a dollar a share.

Q. No; more than a nominal sum? A. Well, \$10 a share.

Q. The cash actually paid? A. I think it was more than \$10 a share, but how much I do not remember; I know the road could not be built for its bonds.

Q. I see by your report of 1893 you report the entire capital stock of this company worth \$20,000? A. In 1894?

Q. In 1893? A. I do not know what the value was at that

time; it was very small indeed; there was no sale for the stock; you could hardly float it.

Q. It had its road built? A. Yes, sir.

Q. All it did ever build? A. Yes, sir.

Q. Its plant built all it ever built? A. Yes, sir.

Q. And it operated the only road it has operated since, except the lease lines? A. Yes, sir.

Q. It had then all the tangible assets it has now outside the lease? A. Yes, sir.

Q. You were one of the original stockholders in that line, weren't you? A. I think so; I came in after the contract was originally made, I think.

Q. You got in on the ground floor? A. I do not know what you call the ground floor, exactly.

Q. Don't you understand that term; you didn't pay 100 cents on a dollar for your stock, did you? A. I should prefer not to say what I did pay.

Q. I see you report that stock in 1893 worth \$10 a share; in 1894 you report it worth \$75 a share; now, can you think of any-thing that produced this increase in value? A. Yes, sir.

Q. What is it? A. I think it was a very useful implement in making or perfecting the plan of the leasing of the Brooklyn City railroad.

Q. Then you think leasing the Brooklyn City road, the Brooklyn Heights road increased its stock 750 per cent., the value of it? A. No.

Q. That would be about it, wouldn't it? A. No; you mean the difference between 10 and 75?

Q. Yes, sir. A. Well, yes, in that respect; that don't amount to much after all; it is a small road.

Q. It was worth \$1,500,000 on the first of July, 1894; just think of that; on the first day of July it was worth just \$20,000?

A. You are wrong on that; it is \$150,000 against \$20,000.

Q. Yes, that's right. A. Yes, sir.

Q. Yes, \$150,000; you are referring to 1893? A. There was a

nominal value put on that; I do not believe there was any quotation of the stock on the street.

Q. There was not in 1894, was there? A. Yes, it had been sold at 75.

Q. You had sold it to this arrangement you constructed yourself? A. Yes.

Q. It had not had any bona fide sale for a man going into as an investment? A. No; but suppose it could be bought at \$10 in 1893?

Q. Surely not, if you had this octopus in mind? A. Not at all; free from that; when it was sold to this syndicate it was difficult to get all the stock at 75; now it would have been correspondingly difficult to get the stock for any reason.

Q. I would like to know if there is any good and substantial reason for that stock's increasing 650 per cent. in one year? A. Yes, sir; I think it was because these people wanted it; that was a reason.

Q. You understand that you do not make an actual value to a piece of property simply because of the fact there is one individual that wants it; that does not establish a market value for it? A. It does if your customer is at hand.

Q. They would not assess the value of property in that way? A. That is a very different thing.

Q. The market value? A. Take a property for the purposes of assessment and take the property for the purpose of purchase are two very different subjects.

Q. That is true; I did not mean as an assessor, but I want a man appointed to appraise its market value; I, of course, will be perfectly satisfied with any explanation you try to make; but the company of which you are the president makes a report to the State the first of July, 1893, in which it is stated that the capital stock of the company has all been paid in; is worth but 10 cents on the dollar; you first state it has all been paid in, and it has all been issued; just one year later you make the statement it has all been paid in and it is worth 75 cents on the dollar; I would like to know what took place in that twelve months

which produced that change in the value of this stock? A. I think the market value of stock is a very deceiving thing.

Q. You do not use that term in making your report, but you used the term "actual value." A. The actual value is based for the purpose of making that report, on market value; here is a report made to the Comptroller of not a dividend company stock; the law requires putting an appraised value on it; it is not so on a dividend above 6 per cent.; you don't have to report in that way.

Q. Because they levy the tax on your dividend; this is for the purpose of taxation you are required to make this actual value on your stock? A. Yes; you arrive at it the best you can.

Q. You readily see that on that capital stock you paid in 1894 six and one-half times more than in 1893? A. Yes; that's right.

Q. I suppose so, but I want to know what produced the change in the value? A. The customer; here is a man going along and stocking the market with what is worth 10, and a man wants to get it, and he picks out this and says, "If you can get the whole of that capital stock for me I will give you 75," and it was obtained, consequently it became valuable in that way.

Q. Then its value was enhanced 650 per cent. by a reason of the scheme which you had in view and subsequently carried out, of creating a proprietary company and leasing other lines of road? A. Now, the Brooklyn Heights stockholders were in no way connected with the Brooklyn City stock; they owned their stock.

Q. You did? A. I, perhaps, was only one that owned stock.

Q. You were president of both roads for some time? A. Yes; I think for a short time; but not when negotiations were being carried on.

Q. You resigned for the purpose of carrying on negotiations? A. I resigned so I would not do anything illegal.

Q. That's what I mean; I am not casting reflections; you released one position for the purpose of carrying out the scheme; what I want to know is, if, in your opinion, it was the general scheme you entered into which enhanced the price of the Brooklyn Heights stock from 10 per cent. to 75 per cent? A. I do not think I want to put it that way.

Q. You were practically vendor and vendee? A. I was not; I did not put myself in that position, and would not.

Q. I mean in the sale of your individual stock you were practically vendor and vendee? A. Not at all.

Q. Here it went through the hands of a syndicate? A. Not at all; the syndicate came along, and I was but a stockholder, and gave them my stock; that's one transaction; subsequently they came along and made a proposition, and I entertained the proposition and finally accepted it; that was put through.

Q. I will concede that; I will ask this question, if it is not a fact that you had your contract with the Brooklyn City Railroad Company before you sold your stock? A. No, sir; it might have slipped 100 times after I sold my stock.

Q. You have got your stock book now, haven't you — the company has? A. Well, it is in the hands of a receiver; he has control of all the books and accounts.

Q. The Brooklyn Heights is not? A. No; the Long Island Traction Company is.

Q. The one that has not got anything but stocks and money? A. Yes.

Q. And is not doing anything but holding the stocks and the money? A. Oh, yes; they are carrying on a legitimate business.

Q. That is what it consists of? A. That is a very important matter; this very concern, or anything that takes its place —

Q. I am going to inquire pretty soon how that company became embarrassed; then you can assign as the cause of the increase of the value of the Brooklyn Heights Railroad Company's stock between 1893 and 1894 entirely to the fact that a syndicate came along and wanted to make a purchase at that time at 75 per cent.? A. I assign the reason from the fact that there was a demand for it, and a value for it.

Q. I put it about as you put it? A. I would rather have it put in my way.

Q. That some one came along and made an offer for it? A. Yes, sir.

Q. That was this syndicate? A. Yes, sir.

Q. Then I am not far out of the way? A. That is the true situation.

Q. Its tangible assets had not been increased a dollar? A. No; but the property itself was a very valuable thing.

Q. These capital stock reports or dividend reports, Mr. Lewis, we have been referring to as of June 30th, were, in fact, dated November 1st, and that is the time you were required to make this report? A. Yes; we make our annual report to the Railroad Commissioners on the 30th of June.

Q. You make your annual report to the Comptroller on the 30th of June? A. Yes; we make it as of the 30th of June, but do not make it until the 30th of November, and we pay the tax in January.

Q. The 15th of November you make your report of dividend; here is report of gross earnings of your road as of June 30th, which is verified the 18th day of June.

Mr. Nixon.— July, probably, Mr. Wade.

Q. No; it probably is meant for July; I will take the next one, in 1893; I will take the Brooklyn Heights Railroad under 1894, and that is verified the 1st day of August? A. Yes; is that earnings?

Q. Yes. A. We can get that.

Q. You have to make report of dividends up as of the 1st of November, under the statute? A. Then I guess I am confusing it with that; payable in January, that is?

Q. Yes; recently you have done that same thing for the Railroad Commissioners, haven't you, and they have gone through and figured up the entire cost of your system? A. That is a different thing; I can give you the cost of the system.

Q. Can you give me the cost to your company? A. No, sir.

Q. Including all loss that has been thrown away? A. Yes, sir.

Q. Will you do that; prior to the lease of the Brooklyn City road to the Brooklyn Heights road, what dividends were paid upon this capital stock? A. From 1886 down, 8 per cent.

Q. And prior to that time? A. We had run as high, way back, particularly, when the fare was six cents, as 14 per cent., but you

take the income to security holders since the organization of the company to date and they won't average much better than 7 per cent., taking all securities, stocks, bonds and so forth; perhaps $7\frac{1}{2}$ per cent.

The committee takes a recess until Tuesday, July 9, 1895, 10 a. m.

The committee meet, pursuant to adjournment, at the Council Chambers, in the city of Brooklyn, at 10 a. m., July 9, 1895.

Daniel F. Lewis, recalled, testifies:

By Mr. Wade:

Q. Mr. Lewis, is the Traction Company now in the hands of a receiver? A. Yes, sir.

Q. How long has it been in the hands of a receiver? A. Since January last.

Q. Upon whose application was the receiver appointed? A. I think the principal was a Mr. Kidder, a noteholder.

Q. Did he sustain any relation to the Traction Company? A. No, sir.

Q. Except that of a creditor? A. That is all.

Q. What was the obligation that he held? A. He held a note or notes amounting to about \$10,000, as near as I can recollect.

Q. Amounting to \$10,000? A. I think it was \$10,000.

Q. Given for what? A. Given for cash.

Q. And at what time? A. In the summer of 1894.

Q. And for what purpose? A. The note was given to obtain cash for the purpose of continuing the conversion and construction of the railroad.

Q. Was the Traction Company the maker of the note? A. The Traction Company and the Brooklyn Heights, jointly.

Q. Joint note? A. Yes, sir.

Q. Was the application also made for a receiver of the Brooklyn Heights Company? A. No, sir.

Q. Is there any contract in existence between the Brooklyn Heights and the Traction Company requiring the Traction Com-

pany to bear any portion of the cost of construction, equipment or extension? A. No; I think not.

Q. Was its position on this note that of an accommodation surety? A. No; this note I referred to, or notes, which was held by Mr. Kidder, was a part of a series of notes.

Q. Why did the Traction Company join in those notes? A. To give it whatever strength it might to the note at the time.

Q. Was it a surety as between the two companies? A. No; it was a joint note pure and simple.

Q. You know very well that a note may be signed by two or more persons jointly and still one of them sustain a relation of a surety as between the maker? A. This note was a note which was secured by a trust indenture; they were known as collateral trust notes; there was an authorized issue of three millions of them; Mr. Kidder held \$10,000; it resembled a bond, a short bond, to run three years from August, 1894.

Q. What interest had the Traction Company in becoming one of the makers of that note? A. It was the owner of the capital stock of the Brooklyn Heights Railroad Company.

Q. Then its interest was simply that of a stockholder? A. Yes, sir; in one sense; certainly.

Q. As between the two companies, was the Traction Company obligated to pay any portion of the indebtedness? A. Only as a joint maker.

Q. As between the two joint makers? A. No; they were not obligated singly.

Q. You do not understand me, or I do not you; under your arrangement, the duty of constructing those extensions, equipping the road and maintaining the road, devolved on the Brooklyn Heights Company? A. That's right.

Q. For the purpose of raising money with which to do that, if I understand you correctly, the Traction Company became a joint maker on a series of notes? A. Yes.

Q. Now, I ask you as between the two companies, if the relation of the Traction Company was anything more than a surety? A. I do not know; you could put it in that way I presume, if you

pleased; it was the company who owned the stock of the Brooklyn Heights Railroad Company; the Brooklyn Heights under obligation to finish —

Q. Supposing the Brooklyn Heights had paid and taken up these obligations, would it have had a cause of action against the Traction Company for its proportion of the obligation? A. I think not; if they had I do not suppose they would have exercised it.

Q. I want to get at the relation. A. I think I have explained the relation fully, between the Long Island Traction Company and the Brooklyn Heights Railroad Company.

Q. I do not understand why the Traction Company is connected with the execution of these notes, if it is not in the nature of a surety? A. It might be construed to a certain extent in that way, but not purely as a surety; for instance, it had property of its own and in order to raise money it joined the Brooklyn Heights jointly in making the collateral trust notes secured by this trust indenture.

Q. You know the property of a surety does not have anything to do with his relations on the obligation? A. Yes, it does; it pledged this property as security for these notes.

Q. As between the Traction Company and the maker of the note I can see how the Traction Company stands purely in the position of a maker and obligor, and primary debtor, if you wish, but as between the two companies is there not some arrangement by which the Brooklyn Heights is to take care of that indebtedness? A. No, sir; it was a joint affair purely and simply.

Q. You were a stockholder in the Brooklyn Heights Company at the time this note was made? A. No, sir; I was not.

Q. I understood you to say you were its president? A. I was at one time, but not when those notes were given.

Q. And that you recently resigned that position? A. It was some time ago I resigned that position; oh, yes; just recently; that's true.

Q. Now, these obligations were given in the early part of 1894?
A. Yes, sir.

Q. Were you not the president of the Brooklyn Heights Railroad Company at that time? A. Yes, sir.

Q. Then you were a stockholder, were you not? A. Yes, sir; to the extent of one share.

Q. Exactly; but you were a stockholder the same as if you had 100 shares? A. That is right.

Q. Supposing you had joined in that note the same as the Traction Company did, you as an individual stockholder, would you have regarded yourself as entitled to recover from the Brooklyn Heights Railroad Company whatever you were compelled to pay on that note? A. Not without some expression to that extent; some paper, some agreement.

Q. Do you think you would have been likely, as an individual stockholder to have gone on the note without just such an agreement as you speak of? A. Probably not.

Q. At the time the receiver was appointed were you the president of both the Traction Company and the Brooklyn Heights Railroad Company? A. Yes, sir.

Q. Was the Brooklyn Heights Railroad Company at that time insolvent? A. No, sir.

Q. Was it able to pay its obligations? A. Yes, sir; it did pay its obligations.

Q. What? A. It has paid its obligations; that is, its obligations which were due.

Q. Was it able to pay its maturing obligations? A. Yes, sir.

Q. So you, as president of the Brooklyn Heights Railroad Company, a corporation that was solvent and able to pay its maturing obligations, permitted the Traction Company, of which you were also the president, to go into the hands of a receiver on the account of the nonpayment of an obligation that the Brooklyn Heights Railroad Company should have paid? A. That was not the situation at all; the appointment of a receiver was a matter of precaution more than any maturing obligation that might place it at a disadvantage.

Q. Was the creditor who obtained the appointment of this receiver interested in any way in the Traction Company? A. I do not know.

Q. Aside from his position as creditor? A. I do not know.

Q. Did you ever learn that he was? A. No; I never knew whether he was or not.

Q. Then it was quite likely he was taking a precautionary measure, is it not? A. I have no doubt he was.

Q. You do not think he was at all concerned about the payment of the obligation that he held? A. That I don't know.

Q. Was there some arrangement with him? A. I do not know.

Q. And the officers of the company? A. Not that I am aware of.

Q. What do you mean by saying it was a precautionary measure? A. I think the Traction Company was in danger, and it was felt that it would be a safer position to put the Traction Company in than though that step was not taken.

Q. Was the Traction Company insolvent? A. No; it was not insolvent at the time.

Q. Was it able to pay its maturing obligations? A. It could not have paid if they had been pressed, probably.

Q. Were they pressed, was the company pressed at all? A. They would have been; yes, sir; for instance, the rental of the Brooklyn Heights Railroad Company became due on the 1st of April, and it was very questionable whether money sufficient could be raised in the ordinary ways by the Traction Company and Heights Company.

Q. The Traction Company had nothing to do with the paying of the rental as a corporation? A. Not per se; not according to the agreement or lease.

Q. If there was any other arrangement by which it assumed that obligation, tell us what that was? A. It owned the capital stock of the Brooklyn Heights Railroad Company.

Q. That does not put it in any such position? A. It might have sacrificed everything.

Q. It might, but it is not legally obligated? A. Not under the lease; it was their duty, as the owner of the stock of the Brooklyn

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Heights Railroad Company, to preserve every asset of the Brooklyn Heights Railroad Company possible.

Q. Then it was the duty of the officers of the Traction Company to preserve the Traction Company? A. Yes, sir.

Q. Why didn't they do it? A. They did do it.

Q. And it went into the hands of a receiver? A. It is very questionable if money could have been raised in any other way than as it was raised for the payment of the April rent; the receiver was appointed and received authority of the court to issue receiver's certificates, and the rent was paid in that way.

Q. What obligation did it take back from the Brooklyn Heights Company, if any? A. I think it took its notes.

Q. It simmers itself right down to this: That an insolvent institution, and when I say insolvent, I mean an institution unable to pay its obligations, as they mature, went into the hands of a receiver for the purpose of issuing receiver's certificates to pay an obligation of a corporation that was solvent, and able to pay its maturing obligations? A. I do not want to be understood that it was able to pay its maturing obligations for any great distance; I qualify that way; the rent became due, the Brooklyn Heights would not be able to pay; secondly, if April 1st came around and that rent not paid, then the guaranty fund of \$4,000,000 was in peril; consequently the Traction Company went into the hands of a receiver through one of the noteholders — issuing these and preserving the assets of the company that way.

Q. That was the idea of going into the hands of a receiver to preserve that trust fund and to secure money to pay the April rent? A. The idea was, to secure the assets and property of the whole concern, both the Brooklyn Heights and the Traction Company.

Q. That idea was conceived by a creditor? A. Presumably; yes, sir.

Q. As a matter of fact, was it? A. He began the action.

Q. It was a sort of a mutual relation? A. I never had any conversation with him.

Q. Did you, do you know? A. Not that I am aware of.

Q. Didn't you know in advance of the application for a receiver of the company of which you were president, that that application was to be made? A. I understood, of course, the application was to be made.

Q. Of whom did you obtain that information? A. Mr. Auerbach, our counsel.

Q. Did you know from whom he obtained that information? A. I do not.

Q. Was there a meeting of your board of directors on that subject? A. I think there was; yes, sir.

Q. Did you preside? A. I did.

Q. Was the matter discussed? A. Yes.

Q. And the advisability of this receivership discussed? A. Yes, sir; it was voted that they favored receivership.

Q. Was the advisability of obtaining some creditor, of procuring some creditor to take the step discussed? A. No, sir; we knew of the step which was to be taken, and we were asked, as a board, if we would not object to the receiver.

Q. Who made that inquiry? A. Of the board?

Q. Yes. A. Counsel, Mr. Auerbach.

Q. Who was the attorney or solicitor for the plaintiff in that action? A. I do not remember who it was.

Q. Was it Mr. Crawford? A. That I don't remember.

Q. I suppose the papers were served upon you? A. I have no doubt that they were, and I have a copy of them and could answer that question later, if necessary.

Q. To what extent has the receiver of the Traction Company issued certificates? A. I think he has issued \$600,000; he had the authority to issue \$600,000; I am not sure whether they are all issued or not.

Q. The Brooklyn Heights Company still continue the operation of its own road and the leased lines? A. Yes.

Q. The Suburban road still continues the operation of its own line? A. Yes.

Q. Can you tell me, Mr. Lewis, how the receipts of 1894 com-

pared with previous years? A. No, I could not; they were ahead of 1893, of previous years.

Q. Can you tell me how the expenditure compared with the previous years? A. Yes, sir; they were also ahead, but I could not tell definitely without reference to the books.

Q. Has the Traction Company, Mr. Lewis, incurred any obligation except for the purpose of raising funds to help out either the Brooklyn Heights Company or the Suburban Company? A. I think not.

Q. Does its business require the contracting of any obligations — its own business? A. It has not required except in these particulars I referred to.

Q. That, as a mere stockholder? A. Sir?

Q. That is, as a mere stockholder, that it does that? A. Yes.

Q. I mean in any business that it carries on by the corporation called the Long Island Traction Company? A. No, it carries on no other business except that I testified to.

Q. Then it does not incur any obligation in anything else? A. It has not yet.

Q. What income has it? A. It has had no income up to date.

Q. The only income that it can derive is dividends of stock upon which it is the owner? A. That is right.

Q. And no such dividends have been declared? A. No, sir.

Q. Are its officers salaried? A. No, sir.

Q. Does it keep a separate office in the city of Brooklyn? A. It has an office on Montauk street, corner of Cleveland.

Q. Is that separate from any other? A. Yes, sir; it is separate from the Long Island Company.

Q. Who pays the rental? A. It pays its rental.

Q. And has no expense? A. It has printing and minor matters of no moment; it pays its board of directors for its meetings that they attend.

Q. And that money is raised by the sale of its stock? A. Yes.

Q. Where does it hold its directors' meetings? A. In the office of the Brooklyn city building, corner of Montauk and Cleveland.

Q. Where does it hold its stockholders' meetings? A. In the same place.

Q. Has it ever had a stockholders' meeting in Virginia? A. Not that I am aware of.

Q. Has it ever had a directors' meeting in Virginia? A. That I do not think it has; not since I have been president of it.

Q. Do you think, Mr. Lewis, that a corporation can meet outside of the State where it is organized for the purpose of electing directors? A. I think so; yes, sir.

Q. You think it may lawfully do that, do you? A. I do; yes, sir.

Q. Has that question ever been discussed by you? A. I think not; I think we simply did it under the advice of counsel.

Q. Who was the counsel for your traction company? A. Davies, Stone and Auerbach.

Q. Are those gentlemen also counsel for the Brooklyn City? A. No, sir.

Q. Or the Brooklyn Heights? A. They have acted in some capacity in the past; Mr. Thomas S. Moore has acted for the Brooklyn Heights.

Q. Who is your counsel for the receiver? A. Mr. Davies, personally, I believe.

Q. Of the firm of Davies, Stone & Auerbach? A. Yes, sir.

Q. Mr. Lewis, have any steps ever been taken to incorporate this Traction Company in the State of New York? A. I understand there are steps being taken now for that purpose.

Q. What for? A. That I do not know.

Q. It has not been consummated up to the present time? A. No, sir.

Q. Are you familiar with the corporation laws of the State of Virginia? A. Only partially so.

Q. And your understanding of the law is, that a corporation organized in the State of New York can meet anywhere on the face of the earth it sees fit to perform its corporate— A. State of New York?

Q. Yes. A. A corporation organized in the State of New York?

Q. Yes. A. I think if there is nothing in its by-laws to prevent, it could do so.

Q. Do not you know the Court of Appeals of this State and the Supreme Court of the United States have several times held to the contrary? A. No, I did not know it.

Q. You know of nothing in your charter in Virginia that permits you to perform your corporate acts outside of that jurisdiction, do you? A. No, sir.

Q. Are you somewhat familiar with the corporation laws of West Virginia? A. No, sir.

Q. Mr. Lewis, what is the Traction Company's stock worth now? A. I have not followed it at all; I do not make a practice of it.

Q. Has an assessment been made upon that stock? A. It is a stock which is nonassessible.

Q. What? A. It is a stock which is nonassessible.

Q. Well, have you called upon the stockholders to pay into the treasury \$10 per share? A. The company has not; there is a reorganization body which has under consideration the rehabilitation of the Long Island Traction Company which has sent circulars to the stockholders asking them to contribute \$10 a share for the purpose of rehabilitation.

Q. Can you tell this committee why that company needs rehabilitation? A. Yes, sir; it needs money to carry on its business.

Q. It does not need money to hold stock, does it? A. No; it needs money to take care of its property.

Q. It needs money as a stockholder, then? A. Certainly.

Q. Simply? A. Certainly.

Q. Now, you speak about carrying on its business as though it were carrying on some business of its own? A. I have always considered that it does and has.

Q. Do you consider that in holding that one share of stock that you held in the Brooklyn Heights Company that you are engaged in the separate business of holding it if you are called upon to state the business you are engaged in; would it occur you were holding

one share of one stock there and would you state that holding as a business? A. No; I would state I was interested to the extent of one share, and would do everything necessary to protect it.

Q. You confuse the holding of a share of stock with the business being carried on by the corporation? A. My attitude as a single stockholder is not parallel with the Long Island Traction Company, and its general business under its incorporation.

Q. I suppose under its incorporation it is authorized to build a road? A. No, sir.

Q. What? A. No, sir; I think not.

Q. Is it authorized to operate? A. That I think not.

Q. Is it authorized to purchase material for one? A. Yes, I think it can construct roads under its charter.

Q. It is a construction company, with all the rest? A. To that extent, yes.

Q. It never has? A. No, sir; not yet.

Q. Was it contemplated that this company should embark in the construction of roads? A. It was authorized to do so, and if the opportunity presented itself, and it was regarded as a wise act on the part of the company to embark in an enterprise of that kind I have no doubt they would do it.

Q. When you use the term construction of roads you mean constructing roads under contracts for the owners? A. Yes, sir; for an owner.

Q. Mr. Lewis, was a statement sent out by the Traction Company to its stockholders in 1894? A. Of what nature?

Q. Giving the nature of its business? A. I do not recollect any such circular.

Q. Let me read a little of it and see if you remember: To the stockholders of the Long Island Traction Company; in June, 1893, the Brooklyn Heights Railroad Company took possession of the property and franchises of the Brooklyn City Railroad Company under the lease between the two companies, and has since continued the operation of the railroads embraced in the Brooklyn City Railroad Company system, consisting of 200 miles in operation under electric equipment, and 93 miles extensions not yet built upon? A. I recollect that circular.

Q. That was sent to the stockholders of the company? A. Yes, sir.

Q. And in that did you give the receipts of the Brooklyn Heights Railroad Company for the first fiscal year? A. I think so, yes, sir.

Q. As \$4,284,000? A. I think I did.

Q. And did you give its net profits as \$115,520.78? A. I believe that is right, sir.

Q. You estimated its receipts for the next year at \$4,750,000? A. Yes, sir.

Q. And that the road could be operated for 60 per cent. of the gross receipts? A. Yes, sir.

Q. Leaving 40 per cent. to be divided among the stockholders? A. Leaving 40 per cent. profit.

Q. Now, did you include in that 60 per cent. the rental? A. No, sir.

Q. Or the interest on the bonded debt it was required to pay? A. No, sir.

Q. You added to it the interest on the guaranty fund, did you not?

(Paper shown witness.)

A. Yes, sir.

Q. Making a total estimated profit of \$2,087,500? A. Yes, sir.

Q. Then you deducted the interest on the bonded indebtedness? A. And the rental charges.

Q. Amounting, in the aggregate, to \$1,785,000? A. Yes, sir.

Q. Leaving a net profit to the Brooklyn Heights Company, after paying all interest charges and operating expenses, of \$302,500? A. Yes, that was an estimate.

Q. I know it is; and have your estimates of the receipts proven substantially accurate? A. No, sir.

Q. How much shortage is that from your estimates? A. I do not remember; it is a very considerable amount.

Q. Have you any explanation of it? A. I can explain why we did not realize that which we expected at the time that estimate was made.

Q. Well? A. We had a strike, if you recollect, in January, 1895; I have no doubt that the strike cost directly \$500,000, and indirectly, perhaps \$200,000 more.

Q. Do you mean it cost the \$700,000 in receipts? A. No; receipts on one side, and additional expense on the other.

Q. You said cost directly; what do you mean by the additional expense? A. For instance, we have had legislation at Albany and Brooklyn which I would regard as affecting it which would be an indirect loss; take the resolution of the common council as to speed; it makes a very serious difference in the receipts of the company; that I look upon as an indirect effect of the strike.

Q. Rapid transit is abolished by that resolution? A. Yes, sir; even horse car speed has been forgotten.

Q. Now, Mr. Lewis, I have here copies of the report of these three companies to which I wish to call your attention; and first, to the Brooklyn City; see if you recognize and if you know anything about them.

(Book shown witness.)

A. No, I don't know anything about that.

Q. Then I will turn to the next one, which is the Brooklyn Heights; would you be familiar with that one? A. Our treasurer would be much more familiar; concerning these reports you could get a more intelligent—

Q. I will omit it, then, until Mr. Bogardus is on the stand; Mr. Lewis, will you step here a moment, please; the map which Mr. Trull handed me this morning, I wish you would explain a little; I notice on the map little portions pasted on in red and green; now, I want to know what the red ones indicate; the red are the transfers, do you say, and the green? A. The green are the transfer stations, and the red are the depot buildings; there are three more transfer stations than are shown here.

Q. Where are they? A. One on Nostrand and Fulton, one on Nostrand and Gates, and one at Tompkins and Myrtle, in addition to these others that are on the map; and there is one at Montague and Fulton.

Q. That is one which the Brooklyn Heights Railroad Company

built? A. Yes, sir; in that there is two here; one transferring from here to Court street, and another for the general lines.

Q. At the corner of Montague and Fulton, at which last-mentioned place there are two? A. Yes, sir.

Q. Now Mr. Chairman, Mr. Jenkins is very desirous of going to Saratoga, and Mr. Lewis states he will step aside if we swear him now.

John G. Jenkins, sworn and testified:

By Mr. Wade:

Q. Where do you reside? A. Eight hundred and thirty Lafayette avenue.

Q. What is your business? A. Banker.

Q. Have you any connection with either the Long Island Traction Company, the Brooklyn Heights Railroad Company, the Brooklyn City Railroad Company, or the Brooklyn, Queens County and Suburban Railroad Company? A. With the Brooklyn, Queens County and Suburban only, as I am interested in the Long Island Traction Company, which is a separate company; I had no interest there at all; with the Brooklyn City only as an executor of an estate; with the Long Island Traction as a stockholder; I have one share of the stock of the Brooklyn Heights Railroad.

Q. Do you not hold an office in either of these companies? A. Not now, sir.

Q. Have you held one until recently? A. Yes; as vice president of the Long Island Traction.

Q. When did you cease to hold that position? A. The 1st of April.

Q. Eighteen hundred and ninety-five? A. Yes, sir.

Q. After it went into the hands of a receiver? A. I do not recall the date of the receivership.

Q. Was it? A. About that time.

Q. Was it immediately following, or at the annual meeting, that you ceased? A. At the last annual meeting, or rather, shortly after it, for the reorganization was postponed some weeks; I was

elected vice-president, and remained vice-president a short time only.

Q. And then resigned? A. Then resigned; resigned as director.

Q. How long had you been the vice-president of the company?
A. Only a few weeks.

Q. How long had you been a director? A. From the 1st of September until about the 1st of April.

Q. That is from the 1st of September, 1894? A. Yes, sir.

Q. Were you familiar with the business transactions of the company? A. As much as might be by meeting once a week there with them.

Q. Did you have meetings of the directors once a week? A. Yes, sir; it was an executive committee of the whole, and met every Tuesday.

Q. What was the nature of the business that required the meeting of this company once a week? A. The ordinary reports.

Q. What? A. Prior to my advent in the board there was a smaller executive committee; it was not deemed so well to have it that way because some things might be done in executive session which others might disprove, so it was changed, and the whole board made the executive committee.

Q. Meeting on every Tuesday as a committee, you discussed the affairs of this company in general? A. Yes, sir; everything that was brought up.

Q. And in that way did you become familiar with all of its business affairs? A. I should say; yes, sir.

Q. What was the nature of its business? A. The nature of its business seemed to be the renting of cars and the collecting of fares and paying interest on its obligations and paying its debts.

Q. Will you sit a little closer to the stenographer, these trucks bother a little about hearing; the running of cars was a part of the business of the board of directors of the Traction Company? A. I will have to explain that by saying that these were joint meetings—the same board of the Traction Company were of the Brooklyn Heights, and they met in joint meeting.

Q. Then, as directors of the Brooklyn Heights, you met with

yourselves as directors of the Traction Company? A. I suppose that might be called so; yes, sir.

Q. It could not be any different? A. They were both in one, or one in both.

Q. That is, every person who was a director of the Brooklyn Heights Railroad Company was a director of the Traction Company? A. Yes, sir; at that time.

Q. And vice versa? A. Yes, sir.

Q. Can you separate the business transacted by the directors of the Traction Company that belonged particularly to that company and the business of the Brooklyn Heights Company that belonged particularly to that? A. The monthly meetings of the two, as I understand, were separate; all business that pertained to the Long Island Traction Company was transacted by itself, and that which was transacted by the Brooklyn Heights Railroad, they had their monthly meetings and approved their portion.

Q. As a director of the Traction Company you had nothing to do with running cars, because you were not running any; is not that true? A. I never could understand it so.

Q. I confess that it is a little difficult to understand. A. It seemed always to my mind that this Brooklyn Heights was a clerk operating under the Traction Company; it seemed to me that way.

Q. Then, as a director of the Brooklyn Heights, you considered yourself as a clerk of the Traction Company? A. Yes, sir.

Q. There came a time when you deemed it advisable that some one should go into the hands of a receiver, didn't you; some company should go into the hands of a receiver? A. I think that was after I resigned, or ceased to attend any meetings.

Q. I understood, Mr. Lewis, that this occurred the fore part of the year, and if you continued up to April you must have been in during that time? A. In, and not in; yes.

Q. Mr. Jenkins, do you think you were present at a board meeting of either of these companies when the subject of a receivership of either was talked about? A. I was not present.

Q. Have you any knowledge or information of what occurred

that was thought to render the receivership necessary? A. Yes; I think so.

Q. From what source did you obtain that knowledge? A. That question would not be as to the imperiled condition of the company, you do not refer; but who told me it was wise to have a receiver?

Q. Yes? A. Well, I was told at the office of Davies, Stone & Auerbach.

Q. By whom? A. Mr. Auerbach.

Q. Do you remember the reason that was assigned by Mr. Auerbach that rendered necessary the receivership? A. Yes, sir.

Q. What was it? A. That there were papers being prepared in the city of Brooklyn, in a law office, to throw this company into the hands of a receiver, with a view of wrecking it.

Q. Who was doing that? A. That I do not know.

Q. What? A. That I do not know; I was not informed.

Q. Was there some dissatisfaction on the part of some of the stockholders? A. There was dissatisfaction everywhere; on the part of the city, and on the part of the stockholders, and on the part of the officeholders; there was dissatisfaction existing in every shape.

Q. What were the stockholders dissatisfied with? A. They were dissatisfied with the running of the road, and what they thought were the extraordinary expenses incurred in converting it from one system to another.

Q. That was late last fall, last winter? A. It run through a couple of years.

Q. I want to get right down to the time when you and Mr. Auerbach had this conversation, this dissatisfaction existing at that time to what? A. The dissatisfaction existing right along in the reduction of the market value of the shares; they were unable to borrow on them; the calling in by banks of loans loaned to stockholders on those shares; universal dissatisfaction existed everywhere.

Q. The stock of the Traction Company was not good collateral? A. It was not; no.

Q. Do you know of any stockholder that really expected it would be? A. Yes, sir; one.

Q. Who was that? A. Myself.

Q. How did you expect that the stock of the Long Island Traction Company, in the condition the company was in, would be good collateral? A. I expected so, and I acted, as I thought, wisely; I bought a thousand shares of it, and paid 28 cents for it, and I have got it yet.

Q. That was not a ground-floor transaction, was it? A. I am not so bad as others; some I know have it at 45.

Q. And where are they now? A. They are out; there is some remark made about Harrison, "Where was Harrison?"

Q. When did you buy that stock at 28? A. About a year ago; no, a year and a quarter ago.

Q. Did you know anything about the condition of the company when you purchased it? A. Not any.

Q. Did you learn something about it soon after that? A. I learned something about it after I went into the board.

Q. You did not purchase any after you got on the board? A. Only recently, to average down.

Q. What did you pay for that recently? A. I averaged it down; the last I paid was $6\frac{1}{4}$; I did not get the lowest; some went at 5.

Q. So you have not been able to get in on the ground floor either going up or down in this deal? A. No; I am way above the ground floor now.

Q. Did you ever clearly understand, Mr. Jenkins, just what this company was organized for? A. Yes, sir.

Q. What was it? A. I don't know what it was; I imagine same as you do; there is a law in this State which limits dividends to a certain rate per share, and this was a great company, and great growth and great prospects, and it would probably allow it to find a vent for its dividends in some other shape; I presume that was what those things were done for.

Q. Since it was organized, if run as it has been? A. We are trying to get it back into the State, where it ought to have been;

we are trying to get it back, now, into the State; I do not want to cast any reflections on the management of the Long Island Traction Company, because no man could have done better than Mr. Lewis has done; I regard him as one of the most able railroad men.

Q. We do not want, any of us, to do that? A. No man could have done better.

Q. Then you do not think the scheme of organizing this company has proven eminently successful? A. Yes, I do; I do, but they made a mistake in hypothecating its whole capital and having no life blood to live on.

Q. It has not had any business to transact? A. That is the way you look at it; I look at it differently.

Q. Mr. Jenkins, the Brooklyn Heights Company is maintained separate and istinct, and, as a corporation, operates these roads? A. Yes, sir.

Q. Operates the Brooklyn City and its own roads? A. Yes; it has the lease of the Brooklyn City railroad and the Long Island Traction Company furnished the means whereby it got that lease; those means are all hypothecated for the payment of its rent.

Q. So that the organization of the Long Island Traction Company and the lease of the Brooklyn, and the purchase of the stock of the Brooklyn Heights by the Traction Company, and also the purchase of the stock of the Brooklyn, Queens County and Suburban by the Traction Company was one scheme on the part of the promoters of the Traction Company? A. No, I think not; I do not know; I was not in it back there, and only give my judgment; I can not swear to this thing, but I imagine the Brooklyn, Queens County and Suburban was an afterthought.

Q. Let me eliminate that road from my inquiry and am I correct? A. I think you are.

Q. It was thought by those people that the organization of this company in a foreign State where the corporation laws were more liberal than in the State of New York, would enable them to carry out the general idea better than by the organization of a

company in this State? A. I doubt very much whether that had very much to be considered, but at that time the State taxes were heavier in this State than in others; I think they have been modified in that respect so it is now just as well to organize in this State; if it was the same rate of taxation as now in this State, I imagine they would have organized in this State.

Q. Did you ever see any necessity or any good business policy in the incorporation of the Traction Company with thirty millions capital and selling that stock at 15 cents on the dollar? A. There is quite a leeway there for it to grow.

Q. There is not much chance to increase the capital stock? A. That stock sold before it was issued at 47 cents on the dollar; before it was put out, the right to take that stock was.

Q. That was a fictitious value? A. I do not regard it so.

Q. How do you regard it? A. I regard this as a very valuable lease.

Q. They have not any lease? A. They own the lease by owning the Long Island Heights Railroad.

Q. They own the stock; they do not own that? A. What do you call that?

Q. Put it that way, then, if you please. A. This city is growing with rapidity, and the expense is the same now as five years from now, and all the profits to accrue may go to this new company.

Q. How can that be so; you have not acquired the Brooklyn City stock? A. No; but the rent which the Long Island Traction or the Heights has to pay to the Brooklyn City is the same now as 500 years from now; the expenses are just the same and the road must grow with the city; I regard it as a very valuable lease, and I would not part with my stock at 28 cents now, unless I could get it back at a better price; I always thought there was a great future for this property.

Q. You see if the directors of the Traction Company should get together and vote to sell the stock which it holds in the Brooklyn Heights, they would have authority to do so. A. Not now; the stock is hypothecated.

Q. Eliminating that feature of it, they could? A. You think they could sell it?

Q. Why not? A. You are a lawyer and know about it; I do not.

Q. I want your understanding. A. I haven't any such right; I might take your watch out of your pocket because I was stronger than you, but it would not be right.

Q. Take the Brooklyn City railroad stock, all that is not necessary to be held by individuals to make its board of directors, it is all held by the Traction Company? A. It is all held by the Traction Company.

Q. It can't be that? A. Yes, sir.

Q. All of it? A. I own a share of it, and I don't own it.

Q. You can't do that, even in Brooklyn? A. I paid \$75 for that share.

Q. It stands on the books of the company in your name? A. Yes, sir; and it is down there in the treasury of the Long Island Traction Company.

Q. The balance of the stock outside of that held by the officers and directors, stands on that of the books of the Long Island City Company in the name of the Long Island Traction Company? A. I presume so; I never examined.

Q. It stands there, not as the property of individuals, but as the property of a corporation? A. I presume so.

Q. Do you know of any reason why your board of directors could not get together this afternoon and sell that stock? A. We could probably get together and lock them all out, get a policeman and lock them all out.

Q. For what? A. Disposing of our property.

Q. It is not your property? A. Whose is it?

Q. It belongs to that corporation and you are a stockholder in that corporation; isn't that right? A. I do not think there would be anything right about it.

Q. Did you join in this call that has been recently made for the payment of \$3,000,000 into the treasury of this company by its stockholders? A. Yes, sir.

Q. What is the idea of that? A. To perpetuate the life of this Long Island Traction Company.

Q. Is it your idea that the Long Island Traction Company should be the company which controls the other three, or the roads of the other three? A. There are two.

Q. Three; one by lease, and the other two by owning the stock, the Brooklyn Heights, Brooklyn City and Brooklyn, Queens County and Suburban? A. Oh, yes; well, I should think an owner ought to control his own property; yes.

Q. You do not see the necessity of maintaining four separate and distinct corporations for this business? A. I do not; I should think there may be something you lawyers could tell me why it is necessary to do it; I think eventually it had better be in one.

Q. You know something about the indebtedness of each of these companies, and the extent to which they are capitalized, do you not? A. Yes, sir; I should think so; I will give you what I can.

Q. And all the property that these four corporations have is the Brooklyn, Queens County and Suburban road and its equipment, the Brooklyn City road and its equipment, the Brooklyn Heights road and its equipment, power plants and real estate and so forth? A. And about four millions of cash put up.

Q. Yes, and four millions of cash that was put up by the Traction Company? A. Yes, sir.

Q. And did you ever sit down to figure out what the capital stock and indebtedness of these four companies would indicate the cost of these three roads? A. I will have to have you repeat that question; I am not a railroad man.

Q. Did you ever take the capitalization of these four companies and the indebtedness of the four, and foot it together? A. No.

Q. For the purpose of determining what those items would indicate the cost of these three roads to have been? A. We will start at the Brooklyn City, which I have known from its inception about 41 years ago.

Q. Have you been a director in that company a good many years? A. No, sir; I never was; Brooklyn was then what you might call a country village 41 years ago; that is, these rail-

roads of which there was two main lines, the Court street, Myrtle avenue and Green Point line; it started with \$500,000 capital and \$500,000 bonds.

Q. That does not involve my inquiry. A. It goes on to show what the expense of an organization that runs over hills and down into valleys and the city comes along and grades those streets and it has to grade those tracks and throw away its former work would be; when you come to realize about this railroad I presume that is the way it has got to be such a figure.

Q. I will take the stock of the Traction Company at \$30,000,000? A. Yes.

Q. And I will take the stock of the Brooklyn Heights railroad in at \$200,000; that is as you understand it, is it not? A. That's it.

Q. And the Brooklyn City, \$2,000,000? A. The Brooklyn City \$12,000,000.

Q. Twelve million dollars, I would say; and the suburban at \$2,000,000? A. Yes, sir.

Q. Forty four million two hundred thousand dollars; then the indebtedness of the Brooklyn City funded debt is practically \$7,000,000? A. Yes, sir.

Q. Six million nine hundred and twenty-five thousand dollars; and its bills payable open accounts, \$540,000 in addition, and, take the Brooklyn Heights Railroad Company and its bonded indebtedness is \$250,000, is it not? A. I think so.

Q. Two hundred and fifty thousand dollars; now, this report was made while you were a director; do you know anything about that? A. I do not know anything about it.

Q. Then I won't bother with it. A. I know about the figures generally.

Q. For the aggregate, putting the four companies together, about \$61,400,000? A. Yes, and it is cheap property at that.

Q. That would make your roads cost you something over \$250,000 a mile, would it not? A. Does it cost as much as that?

Q. Yes. A. The roads do not cost that, you know.

Q. Of course; now, eliminate, Mr. Jenkins, the Traction Company entirely, and the reports which these three companies made

last year show that there are charges against these three roads of over \$130,000 a mile? A. That includes power houses and all that kind of thing?

Q. Yes; of course, you know they don't cost any such money as that, don't you? A. I know that they would not cost any such money; that don't determine the value, however; a man may have \$5 worth of peanuts on his stand and earn \$2.50 a day; it is the earning power of the property that makes it valuable.

Q. You would make a very great difference between the actual cost of these roads and a plant at \$130,000 a mile, wouldn't you?

A. If I was going to build—

Q. No; if you were figuring the cost of them you could not make it reach anywhere near \$130,000 a mile? A. If they did not own this property they would not be able to obtain it at all.

Q. I know that. A. Do you want me to give a banker's opinion of building a road; you can't get it.

Q. You think they are worth that because of the earning capacity of the road? A. Other people think so, too, for they would not have given \$1.80 for the Brooklyn City stock.

Q. I will concede that; then the other value must consist of the value of the franchise? A. Yes, undoubtedly.

Q. The value of the road, if it has any, above the cost of construction, equipment and so forth, any in excess of those items must be in the value of the franchise? A. No, the franchises don't give any value; it is the business that the franchise gives.

Q. If the franchise brings the business? A. The franchise is valueless unless acted upon and used.

Q. Of course; your railroad is not worth anything lying in the street? A. No.

Q. Unused and unoperated; now, Mr. Jenkins, you stated a little while ago that people were dissatisfied with the operation of these roads? A. Yes, sir.

Q. Do you know the occasion of that dissatisfaction? A. Well, yes; I think I know that the men on the road were dissatisfied.

Q. Do you mean the operatives? A. The operatives; there is

about 6,000 of them, to start with, and every man has a few friends, and so it spreads through the community; and, of course, the people in the City Hall they get their votes from the people, so it spreads to the politicians; the stockholders were dissatisfied because the stock was going down, and so, all around, there was dissatisfaction.

Q. There was some complaint about the system adopted for the operation of these roads, was there not? A. Yes, there has been.

Q. You know there has been a great deal of criticism in the public press here? A. Yes, sir.

Q. Upon the system by which these roads were operated? A. Yes, I know that, and that brought up other opinions.

Q. Can you suggest any legislation that you think would be beneficial? A. In what line?

Q. In any way that will cure any of these things that are complained of? A. Well, I hardly think that there is any legislation.

Q. Do you think that a statute in this State prohibiting a foreign corporation from doing business in this State without anything to do it with would be beneficial? A. No, I think on the contrary; let the State do business as every other person does business, and make the cost of doing business lighter here than other States, and they would stay here; we all enter into these kinds of competition; when interest is low I underbid my neighbor to get a good loan, and he goes without; the State should make its taxes so light there would be no inducement to go to New Jersey or anywhere else, or a man to leave the State.

Q. Do you think it advisable to permit a corporation to be incorporated for \$30,000,000 and put that stock on the market at 15 cents on a dollar? A. Well, that might be very unwise legislation, for the people that took that kind of stock would take it on speculation; either to lay it away and let it grow or to sell it again to some party a few points higher.

Q. If you were legislating in the interests of any people of any State in the Union, would you permit a company to be organized

and its capital stock to be put out in that manner; you see, that is a question which addresses itself to a business man to a financial man? A. I think myself it is very unwise, but we financial men get at the status of things very quick, about the salable value of those things; except in my case, I was foolish enough.

Q. Take this thing right here; it must have kept you hurrying if you kept track of this? A. In that sense, it got to be odious with all people having money; a thing that is unstaple and you can not borrow on it and you have difficulty in selling, and the corporation themselves got in such bad odor and could not borrow; you speak of its being in such a shape that it had not ought to go into the hands of a receiver because there was no debts pressing; if there was any debts pressing they could not have borrowed a dollar; we ourselves, as directors in it, would not advance it anything; we saw the condition ahead on the first of April, we had to meet, and we refused to endorse its note, its own directors.

Q. Supposing you and I should go into Virginia to-day and organize any company with a capital stock of \$30,000,000, and take the stock ourselves at 15 cents on a dollar, wouldn't you consider we had the corporation as a concern in a fair way to go into bankruptcy? A. Particularly if you took up all its 15 per cent. afterwards and gave it no capital to do business with; those things cure themselves.

Q. I don't know about their doing that; you think it wise to enact such laws in the State of New York as will permit a foreign corporation organized in that manner, with its little capital, little actual capital made up in that manner, to come into this State and do business? A. Well, sir, I do not believe in putting a hedge around any State, or anything of the kind; you have already, so far as this State is concerned, made it honest, and if other States will be dishonest, let them; you have here a commission that does not allow capital to pay larger than actual profits; that commission is composed of honorable people doing its duty; so far as this State is concerned, it is all right; but if

the State of Virginia or any other wants to be dishonest, let them.

Q. Do not you think it would have been better if you had organized your Traction Company under the laws of the State of New York with three or four million dollars capital and sold the stock at par? A. I do not think it would have any different result, no matter what the capital had been, if that capital had all been put as security for its rent.

Q. You do not think it would have any difference whether it has or has not fictitious value to it? A. It should never have been started there.

Q. Supposing I come to you and offer stock of a company as collateral, incorporated for \$30,000,000, and disclose the truth to you that that stock only brought into the treasury 15 cents on a dollar; I do not present what you deem gilt edge security? A. No, sir; you do not.

Q. If, on the other hand, I demonstrate whoever held a share in that company paid 100 cents on it, I would bring what you would regard as much better class of security? A. You would, very much better; but the result would be just here, you are paying three or four million dollars, less by a million and a half, than actually paid in, and in the course of five or six years that stock would sell for about \$500, and the Legislature would be after them with laws of some kind that would be an injury to its business; it would not allow it to give any such dividends.

Q. That was one of the reasons it was? A. I do not know, but I presume so; it is quite natural for capital to try and protect itself that way.

Q. Wouldn't you think it quite fair if these roads were operating and receiving such an income, that it necessitated dividends greater than the law allows, would not you think it fair to decrease the rate of fare and increase the wages of the operators? A. I would think both of those things, but unless capital can secure as much here as at other places it will not come.

Q. It was already here; I will take this road right here, the Brooklyn City road; supposing its earnings were such as to pay

all the operating expenses and dividends of 12 per cent. upon the capitalization of \$12,000,000 and still a very large surplus? A. Yes.

Q. That you have evidently tried to avoid by organizing this other company; don't you think it better and fairer and more equitable, that the fare should be reduced, or the earnings of the operatives increased? A. In that particular instance, yes; but it would not encourage other lines starting.

Q. But you do not want competition in running a railroad? A. But the public does.

Q. Don't you look after the public a little stronger there than you do on the question I just propounded to you? A. No; I shouldn't think it would be wise; if you cut down the surface railroads to 4 cents the elevated railroads would have to come to 4 cents, and they could not ever do it; new roads in sparsely settled districts would not be built at all; about increasing the wages of employes, if it could be done in the right kind of a way I should recommend it, but the way they propose in these societies of having the poor workman and the good workman at the same rate of pay is not wise; a good carpenter is worth more than a poor one, yet, under the society rule, you must pay them the same.

Q. Do you think that the laws of this country ought to permit you and I to go and organize a company similar to the Long Island Traction Company simply for the purpose of putting other concerns in which we are interested in a position where we, as owners of the whole, can receive greater profits from the investment than the statutes of the State we are living in permit? A. Then you would have to do the other thing; you would have to cut down the fare or increase the wages; it would be about the same condition that the savings bank law is in, I think, which permits a certain per cent. of interest, and the surplus goes to the State; then you build a big building and use the surplus up.

Q. Let us apply this to banking; we will assume you have got a national bank, and you are not authorized to pay on the capital stock of that institution, more than ten per cent? A. Yes, sir.

Q. You and I own that bank? A. Yes.

Q. And our earnings are such that we pay our ten per cent?

A. Yes, sir.

Q. And have a surplus equivalent to twenty per cent. more?

A. Yes.

Q. Ought we be permitted to go into some other State and organize another institution without any bank and without intending any bank for it, and simply come over and buy the stock?

A. You and I could fix that up very quickly.

Q. I know that; but ought we be permitted to? A. Well, perhaps we had not.

Q. What? A. That is for the wisdom of the Legislature.

Q. Before you come in conflict with this matter you have to pay dividends on \$30,000,000 of the Long Island Traction Company, \$200,000 in Brooklyn Heights, \$2,000,000 of the Brooklyn, Queens County and Suburban, and \$12,000,000 of the Brooklyn City, besides an interest on the bonded indebtedness ten or twelve millions? A. Does it occur to you in the market value of that stock that the Brooklyn City holders are only netting between five and six per cent. even though we pay ten per cent.; they are not getting a great amount on it, as they can sell the stocks at the present par value of \$1.80?

Q. It is so in your bank, is it not? A. Yes; so everywhere.

Q. Where stock is at a premium? A. Yes, sir; in other words, if they sell their stock and invest in bond and mortgage, they would get only a little less.

Q. When did you first become connected with the Brooklyn Heights Railroad Company as a stockholder? A. The same time I became a director in the Long Island Traction Company; about the 1st of September.

Q. When did you first become connected with the Brooklyn Heights Railroad Company as a stockholder? A. At that time; I could not become a stockholder until they sent me one share and I bought that.

Q. You were never in there prior to that time? A. No.

Q. When did you first become interested in the Brooklyn City?
A. I never had any personal interest.

Q. No stock? A. No.

Q. Or the Brooklyn, Queens County and Suburban? A. No; I never was in the Suburban; I was in the original company; a director in the old Broadway.

Q. Did you know about the syndicate that purchased the Brooklyn Heights stock? A. Nothing further than a circular which I heard you read yesterday, that recalled to my mind there was a circular, saying a powerful syndicate with a New York Guaranty Company is all I remember about that; I heard you read part of such a circular yesterday; that refreshed my mind and I did have a circular of that kind.

Q. You did not have any interest in the syndicate? A. No; I did not know anything about it.

Q. Did you then contemplate becoming interested in the Traction Company? A. No; I was executor of an estate that had some Brooklyn City stock; I got that stock as executor, and I took for the estate, their portion of the stock; as executor of the estate, I took the estate's proportion of this Long Island Traction stock three to one.

Q. That is, you paid for it? A. Yes, sir.

Q. How did you come to be interested in the Traction Company, individually, personally? A. By buying in stock, 1,000 shares of stock.

Q. Purely as a business transaction? A. Yes, sir; I thought it would be valuable.

Q. Did you then inquire into the general scheme and become familiar with it? A. To some extent; yes, sir.

Q. Do you know who composed this syndicate? A. No, sir; I do not; only what I have heard Mr. Lewis say something about Mr. Hollins.

Q. You purchased of that syndicate, some stock? A. No, sir; I took my money to the New York Guaranty and Indemnity Company and got my stock there.

By Chairman Nixon:

Q. Did they hold that stock there? A. We were requested to deposit our money with the New York Guaranty and Indemnity Company and they gave us our stock.

By Mr. Wade:

Q. You did that as an executor and as an individual? A. I never had any as an individual; I might have bought and sold it again, but not permanently.

Q. You did as an executor, then? A. Yes, sir.

Q. That Indemnity and Guaranty Company was simply the agent with whom the stock was deposited, and by it delivered up in exchange for 15 cents on a dollar? A. I presume so; I presume there was someone behind them, but I know nothing about it.

Q. From what source did you get your information that this was a good business venture? A. On the original payment as the executor?

Q. Yes. A. By the circular you just read, I think, signed by the secretary of the Brooklyn City Railroad, urging the stockholders to avail themselves and take their shares.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

Washington H. Bogardus, being called and duly sworn, testified.

By Mr. Wade:

Q. You reside in Brooklyn? A. I claim a residence; I am temporarily residing in Greenwich now.

Q. What is your business? A. Secretary and treasurer of the Long Island Traction Company.

Q. How long have you occupied that position? A. Since the first day of July.

Q. Eighteen hundred and ninety-five? A. Eighteen hundred and ninety-five.



Q. What connection had you with that company prior to that time? A. I was elected secretary and treasurer of the company on the 2d day of October, I think.

Q. What year? A. Eighteen hundred and ninety-four; and previous to that I held the title of general manager of the company.

Q. From what time? A. From March, 1894.

Q. And you continued to occupy or hold the offices of secretary and treasurer from October, 1894, until the 1st day of July, 1895?

A. Yes, sir.

Q. And you say you are now secretary and treasurer pro tem? A. Yes, sir.

Q. Is that by reason of the fact that your successor has not been elected? A. Yes, sir.

Q. Are you familiar with the affairs of the Long Island Traction Company? A. Reasonably so, yes, sir.

Q. Were you one of the incorporators? A. I was not, no, sir.

Q. Do you know anybody who was? A. No, I do not.

Q. Did you ever know the name of a person who was one of the incorporators of that company? A. I do not recollect of knowing; I have read them in their articles of incorporation sometime, but I have now no recollection.

Q. From whom did you acquire an interest in that company? A. I succeeded as secretary, Mr. Cyrus P. Smith.

Q. You became a stockholder some time? A. I became a stockholder of it as secretary and treasurer.

Q. What? A. As secretary and treasurer; I held no stock.

Q. You held stock as an individual, did you not? A. In only one instance; I purchased a few number of shares — I have forgotten the exact number — to qualify as a director, and I served something like a month, I think, in either July or August, 1894.

Q. Then you ceased to be a director? A. Yes, and I disposed of my stock.

Q. And since then held no stock of the company? A. None whatever.

Q. What salary did you receive as secretary and treasurer? A. None whatever.



Q. Any duties pertaining to either of those offices? A. Signing of the stock obligations and keeping the minutes, and whatever correspondence they tried to transact.

Q. What interest had you in the company? A. Nothing except as an officer.

Q. Were you not a stockholder? A. No, sir.

Q. You could not participate in the profits of its business? A. No, sir.

Q. You could not share in the losses of its business? A. No, sir.

Q. And you were donating to the concern your services? A. I was.

Q. For what reason? A. Because I was secretary and treasurer of the Brooklyn Heights Railroad Company, and inasmuch as the Traction Company owned the Heights Company—

Q. Not the stock of the Heights Company? A. Yes, and I gave my services gratis; the duties were not burdensome.

Q. Were you secretary and treasurer of the Brooklyn Heights Railroad Company? A. I was secretary and treasurer, I believe, from about the 2d day of October, and continued up until the last days of June.

Q. Eighteen hundred and ninety-five? A. Eighteen hundred and ninety-five.

Q. Did you attend its meetings? A. Yes, sir.

Q. And you kept the record of the proceedings of the board of directors of each of those companies? A. For the time, yes, sir.

Q. Were those records kept in the same book? A. No, sir.

Q. Are those books now in your custody? A. They are not, no, sir.

Q. Who has the custody of them? A. The secretary and treasurer of the Brooklyn Heights Railroad Company, Mr. T. S. Williams, of the Heights Company, and Mr. H. J. Morse took possession of the books of the Traction Company.

Q. What has Mr. Morse to do with it? A. He is the receiver of the Traction Company, appointed by the United States Court.

Q. When was that appointment made? A. It was made from the middle to the latter part of March, 1895, this year.

Q. Was the advisability of that company's going into the hands of a receiver discussed in the board of directors? A. It was, yes, sir.

Q. About when did that discussion commence? A. As near as I can remember, the latter part of February or the first part of March.

Q. And continued up to the time the receiver was appointed? A. Yes, sir.

Q. What action did the board of directors of the Long Island Traction Company take in regard to that? A. They decided to make no opposition to the appointment of a receiver.

Q. Do you know who made the application for the appointment of a receiver? A. I do not know; I heard his name at the time but I have since forgotten.

Q. Was this an amicable litigation that was started, resulting in the appointment of a receiver? A. As to that I can't say definitely; I was not present.

Q. Is it or is it not a fact that the directors of the Traction Company, or the attorney of the company, suggested that a receiver be appointed? A. I have no knowledge of it; I was not present at any discussion, except at the meeting of which I spoke.

Q. Did you report on the minutes of the meetings the action that was, in fact, taken? A. Yes, sir.

Q. How long were you connected with the Brooklyn Heights Railroad Company? A. My service commenced on the 6th day of June, 1893; I was appointed assistant secretary and treasurer—assistant treasurer.

Q. And you continued to be closely identified with that company from that time on? A. Yes, sir.

Q. You know about its business and its affairs? A. Yes, sir.

Q. Then you held an official position in the Brooklyn Heights Company at the time they organized the Long Island Traction Company? A. No, sir.

Q. What? A. No, sir.

Q. When was the Long Island Traction Company organized?

A. To the best of my recollection it was incorporated in March, 1893.

Q. Perhaps I misunderstood you as to the date you became connected with the Brooklyn Heights Company? A. On the 6th of June, 1893.

Q. June, 1893, did you say? A. June, 1893, I was elected assistant secretary and assistant treasurer; in March, 1893, the Long Island Traction Company was incorporated.

Q. Had you ever been connected with either of the companies prior to June, 1893? A. No, sir.

Q. Neither as an employe, stockholder or an officer? A. No, sir.

Q. Had no interest in it? A. None whatever.

Q. Did you acquire any stock in the Brooklyn Heights Company before assuming the position of assistant secretary? A. I did not.

Q. Have you since acquired any? A. At one time I had one share of stock to qualify me as director and served as a director possibly a month, and then sold the stock back to the Long Island Traction Company.

Q. Now, as treasurer, you received the moneys belonging to the Long Island Traction Company that came in during the time you held that position? A. Yes, sir.

Q. What were its sources of revenue? A. It had only one source, to the best of my recollection, which was the profit derived from the sale of some bonds.

Q. What bonds? A. First mortgage bonds of the Brooklyn, Queens County and Suburban Railroad Company.

Q. What position did it sustain in relation to those? A. It sustained the position of owner.

Q. How did it acquire them? A. By the agreement for the purchase of the Suburban Railroad Company.

Q. What amount? A. I think the amount was \$240,000.

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Q. At what price were they purchased? A. That I do not recollect.

Q. About what price? A. The profit derived; we paid, I think, in the neighborhood of \$210,000 and sold them for \$240,000, something less than that; the profit derived was something less than \$30,000.

Q. What was the par value of the bonds? A. One hundred dollars; they were \$1,000 bonds, I think.

Q. How much in the market? A. Two hundred and forty thousand dollars.

Q. What was the sale made for; at what price? A. I have forgotten; it was about par, if not par.

Q. You were the treasurer of this company? A. Yes, sir.

Q. And this was its only business transaction from which it derived a dollar while you were treasurer? A. Yes, sir.

Q. Is it not possible that you can tell us? A. I was acting as treasurer of the company, and of another company.

Q. Relieve yourself of the position of lord high executioner; as treasurer of the Traction Company don't you know what it sold the bonds for that it had purchased? A. I do not; it was very close to par; it might have been 1 or 2 per cent. below par; it was not but a very small amount.

Q. Did you know at the time? A. Yes, sir.

Q. Were you in that position when the bonds were purchased? A. No, sir.

Q. Do you know how it paid for the bonds? A. It paid for the bonds by borrowing the money.

Q. Of whom? A. Of banks and trust companies in Brooklyn.

Q. And how much? A. I think they borrowed in the neighborhood of \$210,000 on the \$240,000 — \$210,000 or \$205,000, to the best of my recollection.

Q. To whom was the sale made? A. I think the sale was made to H. P. Hahns & Co.; it might have been Colligan.

Q. He was the head of the syndicate that got up this syndicate? A. That I can not say; I can not state actually who did buy them; I do not recollect; I am not positive that I was secre-

tary, but it was about the time I took the office; it may have been done in Mr. Smith's time, but it was about that time.

Q. Well, your position as secretary and treasurer was not secured in either of these companies by reason of your being a substantial stockholder? A. No, sir.

Q. Whom did you represent in it? A. Myself.

Q. What? A. I represented the stockholders in the Brooklyn Heights Company and represented the Traction Company; and in the Traction Company I represented the stockholders.

Q. I mean on the board of directors; was there somebody you represented? A. No, sir.

Q. Who first suggested to you that you go into the company in that shape? A. What shape?

Q. The shape you went in; you did not own a dollar in one company and had \$100 stock in the other? A. Yes, sir.

Q. And became next to the highest official in the board? A. Yes, sir.

Q. Now, do you contend that that small holding you had secured that position to you? A. No, sir.

Q. What was it? A. To be egotistical, I might say it was my ability had something to do with it.

Q. I want to know that; I supposed it was something? A. Yes.

Q. By whom were you suggested for this position? A. I can not recollect who nominated me for the position; I recollect my position as assistant secretary and assistant treasurer—

Q. Just a moment; you acquired the share of stock you did acquire for the sole purpose of becoming an official of the company? A. Yes, sir.

Q. Someone came to you or you went to someone and talked that over? A. As to the time I was elected director I think it may have been Mr. Auerbach that suggested it; someone suggested I become a stockholder in the Brooklyn Heights Company, and director, and I subsequently resigned and I was elected director of the Traction Company at a meeting at which I was not present; I think possibly it was by Mr. Daniel F. Lewis.

Q. Now, to come back to the question I propounded to you; is it a fact that at some time before you acquired an interest in either of these companies, you had a talk with some one about assuming an official position in one or both of them? A. Yes, sir; I presume it is a fact.

Q. It is not a great while ago; with whom? A. I had a talk with Mr. Auerbach relative to assuming position as assistant secretary and treasurer for the Brooklyn Heights Railroad Company; that was the time the Traction Company took possession of the Brooklyn Railroad Company.

Q. That was in June, 1893? A. Yes, sir; I think it was through Mr. Auerbach that I was subsequently qualified as director of the company and purchased five shares of stock.

Q. Of which company? A. Of the Brooklyn Heights Company, that I might take the position of director, and under the by-laws then in force I was elected secretary and treasurer; I believe that was why I was qualified as director, but my memory does not serve me distinctly; the by-laws were subsequently changed, and I went out of the directory of the company, and, as I said, at the time I was elected director of the Traction Company I was not present at the meeting; I was told to qualify myself, and I did.

Q. What salary did you obtain as secretary and treasurer of the Traction Company? A. None whatever.

Q. Of the Brooklyn Heights Company? A. Five thousand dollars a year.

Q. Was that the arrangement made with you before you acquired the interest which you did to enable you to hold the position? A. I do not recollect whether that arrangement was entered into then or not; it was understood that I should receive the same consideration I had been receiving as secretary and treasurer of the Brooklyn City Railroad Company.

Q. Have you been familiar with the operation of these three roads some time? A. Three roads?

Q. Yes; the Brooklyn, Queens County and Suburban, the Brooklyn Heights and the Brooklyn City? A. I am not familiar with

the Brooklyn, Queens County and Suburban; I am with the Brooklyn Heights and the Brooklyn City Company.

Q. Then you were with the Brooklyn City Company prior to your connection with the Brooklyn Heights Company? A. Yes, sir.

Q. In what position? A. Secretary and treasurer.

Q. For how long a time? A. From the 13th of January, a period of about one year.

Q. From what year? A. Thirteenth of January, 1893, until, I think, about the same period in 1894.

Q. Then you were a director during that time of the Brooklyn Heights Company? A. No, sir; I was not; not a director of the Brooklyn City Company, neither.

Q. I mean, the Brooklyn City Company? A. No, sir.

Q. You occupied the position of secretary and treasurer? A. Yes, sir.

Q. And was not on the board of directors? A. I was not; no, sir.

Q. You understood about the negotiations that led up to the lease of the Brooklyn City to the Brooklyn Heights? A. No, sir.

Q. Did you ever know anything about that? A. Nothing that could be called knowledge.

Q. You signed the contract? A. No, sir; I signed the lease.

Q. Without knowing anything about it? A. Not knowing anything about the negotiations.

Q. Under whose direction did you do that? A. I attested the lease under the directions of the stockholders; the board of directors ordered it executed.

Q. Did you, as secretary of the company, keep the minutes of its meetings? A. I did.

Q. Of its stockholders and of its directors? A. Yes, sir.

Q. So, then, you knew about the negotiations that led up to the making of this lease? A. No; I did not.

Q. How did you keep the minutes? A. I was not there while the negotiations were going on; I did not keep any minutes; the lease was made on the 14th of February.

Q. I know that; you were then secretary the 14th of February?
A. Yes, sir.

Q. Did you ever make any entries on the books of either of these companies? A. I did on the Brooklyn City Railroad Company's at the annual meeting.

Q. When was that? A. The 14th of February, 1893.

Q. Were the provisions of the lease discussed then? A. The provisions of the lease were read; the lease, as it then existed, was read.

Q. Now, there was a time, was there not, when the board of directors of the Brooklyn City Company took up the subject of leasing this road? A. Yes, sir.

Q. As a board? A. Yes, sir.

Q. And discussed it? A. From hearsay I can testify that was up, but as to knowledge I can not testify.

Q. Did they ask you to vacate the room? A. I was not there; it was all arranged, but I was not there; the notice of the meeting was called before I went there.

Q. Before you became secretary? A. Yes, sir.

Q. When did you become secretary? A. The 13th of January, 1893; I qualified from the 13th to the 23d; it was along the latter part of it.

Q. Who was your predecessor as secretary? A. Henry M. Thompson.

Q. Are you the present secretary of the Brooklyn City? A. No, sir.

Q. Who holds that position now? A. Thomas P. Swin.

Q. He has the books of the company? A. He has, I presume.

Q. Those which you kept, as secretary? A. Yes, sir.

Q. As treasurer of the Brooklyn City Company, did you make the annual reports of its earnings and disbursements? A. I made one annual report; I completed the annual statement for the fiscal year ending June 30, 1893.

Q. Any after that? A. I may have signed some of the quarterly statements after that; I have forgotten whether I did or Mr.

Swin; he was acting as assistant secretary and treasurer at the time.

Q. Did you make the dividend statement of the Brooklyn Heights Company, November, 1894? A. It never declared a dividend.

Q. Did you make the statement to the Comptroller which the law requires? A. Yes, sir.

Q. Not having declared a dividend, you had to appraise the capital stock? A. Yes, sir.

Q. Under whose direction did you make the appraisal? A. Under the advice of Mr. Stone, of Davies, Stone & Auerbach, in the matter of making the report.

Q. That was not what I asked; you fixed a value to the capital stock? A. Yes.

Q. Under whose direction did you do that? A. I told you I had the advice of Mr. Stone, of Davies, Stone & Auerbach.

Q. What did he know about the value of the stock? A. I do not know as he knew currently what the value of the stock was.

Q. What did you know about it? A. What I was informed.

Q. Where did you get that information? A. Of the value of it?

Q. Yes. A. Of Mr. Daniel F. Lewis.

Q. Did you know the appraisal that was made the year before? A. I do not recollect, no; I do not think I did.

Q. When did he tell you about the value of that stock? A. He told me sales had been made at 75.

Q. Is that all? A. That is all I recollect of; that is the price, to the best of my recollection, that I appraised, and that was the price the directors paid for it when they bought it for the purpose of qualifying as directors.

Q. Now, Mr. Borgardus, do you want to testify that you as treasurer of that company, made a statement under oath, that the value of stock was 75 cents on a dollar simply because you knew of sales at that price? A. Yes, sir.

Q. And knowing it had not made the year previous by the company and verified at 10 cents on the dollar? A. I didn't know

anything of the kind; it is the first information I have of the kind; I never examined that report.

Q. You had it where you could? A. No, sir; I never have seen it; I had a discussion with the commissioner of the comptroller; he asked me the value of the stock at the market price.

Q. At the market price? A. That was the way the comptroller is accustomed to inventory.

Q. It did not have any market price? A. Yes, sir; sales at 75.

Q. Did you ever know of a sale of it on the market? A. I never knew of it being sold on the market.

Q. You knew the sale of which Mr. Lewis spoke was made for a specific purpose? A. I knew he had sold the stock at 75 from his information.

Q. I did not ask you that; there is no use of my repeating the question; you knew that he made the sale for a specific purpose other than the mere sale itself? A. I do not recollect that I went into that at all.

Q. You had some information, did you not, Mr. Bogardus, that they were going through a process of reorganization of some sort? A. When?

Q. In 1893? A. Yes, sir.

Q. And that sale of Mr. Lewis' that you have spoken of was a part of the scheme for the reorganization or incorporation of the proprietary company? A. I presume I formed such an opinion.

Q. Yes, sir. A. Yes.

Q. Then you want this committee to understand that the knowledge of that sale coming to you, for that purpose, established in your mind a market value of the stock, do you? A. Yes, sir.

Q. When did you become assistant secretary and treasurer of the Traction Company? A. I never was.

Q. Assistant treasurer? A. I think on the second of October, 1894.

Q. About that time? A. Yes, sir.

Q. So, at the time you made out this report you were secretary and treasurer of the Brooklyn Heights Company and secretary and treasurer of the Traction Company? A. Yes, sir.

Q. And had the means of knowing all about the business transactions of each? A. Yes, sir.

Q. Did you ever look over the books of the Traction Company for the purpose of seeing how it acquired the stock which it purchased in the Brooklyn Heights Company? A. I have had knowledge of the books from the very beginning as far as they were kept.

Q. What did the books show in that respect? A. They do not show.

Q. Do not show anything about it; so that if an expert were to examine the books of the company he would get no impression of the amount which the Long Island Traction Company paid for the Brooklyn Heights Company stock? A. None whatever.

Q. Have you ever had a clear idea of just why that was so? A. No, sir.

Q. It is a little singular, is it not? A. I never formed an opinion.

Q. I ask you as an expert? A. I do not care to testify as an expert on it.

Q. You were put in here at the salary of \$5,000 on account of your ability? A. Yes, sir.

Q. You have some opinion on that subject, haven't you? A. I have opinions on most everything.

Q. Now, I ask you if, in your opinion, that is not rather singular? A. I would prefer not to testify.

Q. You will have to positively decline then? A. Do I understand I am subpoenaed for the purpose of furnishing expert opinions or facts?

Q. You are subpoenaed to answer questions properly? A. I do not consider it proper; I consider the whole matter was a business transaction, if that is a proper answer; I did not look on the transaction with any suspicion whatever.

Q. No, Mr. Bogardus; here is a concern, according to your testimony, that has acquired \$200,000 of the stock of another concern, in some manner, substantially \$200,000, and the books of the purchaser disclose nothing with reference to the purchase; that

is true, is it not; now, I ask you if that is not singular? A. It depends entirely on the agreement, the understanding at the very beginning.

Q. The understanding with whom? A. With anybody.

Q. Supposing there was not any? A. Then I should say it was singular; that if the Traction Company undertook to purchase and have all the details on the books, and it was not there, it would be singular.

Q. Can you imagine any good system of business that would result in that purchase without an entry made anywhere? A. Yes, sir.

Q. Give us one? A. A contractor agrees to construct a railroad and to carry out an agreement for a certain consideration, and does it; the person who pays the money does not care to inquire into the profits of the other person; he contracted for a certain delivery, and got it.

Q. Supposing you are the railroad company and I am the construction company and you make a contract with me to construct the road for \$200,000, and I construct it and you pay me for it, wouldn't you naturally think your books ought to show that transaction? A. The books might show the disbursement of a certain sum of money for a general purpose, but the items might not.

Q. You would not know what to charge it to? A. To a certain number of things; you asked for a specific value of a certain railroad and I said the books did not show.

Q. No. A. You asked me what the books show of the purchase price of the Brooklyn Railroad Company?

Q. No; stock. A. It does not show.

Q. What is there on the books to indicate that anything was paid at that time for any purpose? A. The books show that possession of the entire capital stock of the Brooklyn Heights Company; it shows \$4,000,000 guarantee fund deposited; it shows the person who undertook to transact the business had paid and discharged all expenses and paid into the company a sum of money besides.

Q. In whose handwriting is that transaction? A. The statement of the transaction is in the handwriting —

Q. On the books? A. The books were subsequently written up by me from the statement of Mr. H. A. Murray, previous treasurer of the company; he gave me the statement of the transactions and I opened the books.

Q. The books were opened by yourself? A. Yes, sir.

Q. Do you know what the Traction Company paid for the stock of the Suburban Company? A. Yes, sir.

Q. What was it? A. They paid a dollar.

Q. One hundred cents on a dollar? A. One dollar.

Q. One dollar for the whole shooting match? A. Yes, sir.

Q. Who made that sale? A. It was the result of an agreement.

Q. I did not ask you that; I asked who made the sale, if you know? A. I do not believe I can answer that correct.

Q. If you don't remember I will pass it? A. I do not recollect; I think the sale was made; I think the stock was originally owned and the sale was made by the syndicate of H. P. Hollins and J. and W. Seligman and Company; the Brooklyn Heights Company acquired the property by reason of an agreement I started to tell you.

Q. I was trying to find out where they got it. A. I started to tell you.

Q. Go on. A. It was purchased through an agreement between the Brooklyn City Railroad Company, the Long Island Railroad Company and Brooklyn and Suburban Railroad Company.

Q. Was that contract reduced to writing? A. Yes, sir.

Q. And a copy of it in the office of the Traction Company? A. Yes, sir.

Q. The total amount of the stock, par value, was \$2,000,000? A. Two million dollars was the amount transferred.

Q. That was sold for \$1? A. One dollar and other valuable considerations.

Q. What were the other valuable considerations? A. Financial assistance; placing of the purchase of the \$240,000 first mort-

gage bonds, and of the placing of the \$2,000,000 first mortgage bonds.

Q. Who did that? A. That was done through the Traction Company, with the consent of the Brooklyn City Railroad.

Q. What did the syndicate have to do with that? A. The syndicate were not parties to this agreement.

Q. So the stockholders of the Brooklyn, Queens County and Suburban road gave up their stock in consideration of financial assistance rendered the company? A. Yes, sir.

Q. And those were some of the bonds you spoke of as having been purchased by the Long Island Traction Company? A. Yes, sir.

Q. And on which the Traction Company made \$30,000? A. Yes, sir.

Q. The only dollar it ever did make? A. Yes, sir.

Q. So the stockholders got nothing for their stock? A. Of the Brooklyn, Queens County and Suburban?

Q. Yes. A. I presume not.

Q. There is not any chance to presume anything else, is there? A. No.

Q. If your statement is right there was not? A. No; if my understanding is correct I do not see any doubt about it.

Q. Supposing you had been called upon to report the value of that stock then, you would have reported the whole \$2,000,000 worth \$1? A. Yes, sir.

Q. On the same theory you reported the other worth 75 cents on a dollar? A. Yes, sir.

Q. Do you know Berhart F. Mullen? A. Yes, sir.

Q. What position does he occupy? A. Now?

Q. Yes. A. He is an employe of the Brooklyn Heights Railroad Company.

Q. The Brooklyn Heights? A. Yes, sir.

Q. Did you ever make any report of the affairs of the Traction Company? A. Of the Long Island Traction Company?

Q. Yes. A. To whom?

Q. Anybody. A. I made them to the directors of the company and to the receiver.

Q. You were not required to state where it was incorporated?
A. No, sir.

Q. You made none? A. No, sir.

Q. Did you say you made one to the receiver? A. Yes, sir.

Q. A detailed statement of its affairs? A. Yes, sir; I gave him the books at the time he demanded the books, turned them over, and prepared a detailed statement of the affairs of the company.

Q. What were the assets of the company at that time? A. Promissory note of the Brooklyn Heights Railroad, something over \$16,000; there was the capital stock of the Brooklyn, Queens County and Suburban Railroad Company.

Q. How much is that in at? A. One dollar.

Q. In this statement? A. One dollar.

Q. Go on. A. And all the purchase of the Brooklyn Heights Railroad Company.

Q. Stock? A. Stock.

Q. How much was that? A. I put it exactly as the purchase was made.

Q. What was that, \$150,000? A. Four million five hundred thousand dollars, less 40, I think it was.

Q. What? A. Four million five hundred thousand dollars, less \$40,000.

Q. Where did you get your \$4,000,000? A. Four million five hundred thousand dollars was the capital stock.

Q. Of the Brooklyn Heights? A. That was the amount paid by the Long Island Traction Company for the Brooklyn Heights Company.

Q. No; that was the amount they put up as collateral? A. That was the capital stock; the stock would be \$13,000,000; it would be less the loan taken they purchased of the Heights Railroad Company, and they deposited a guaranty.

Q. You are trying to give me the assets of the Long Island Trac-

tion Company at the time they turned the books over to the receiver? A. Yes, sir.

Q. You gave me the \$16,000 note against the Brooklyn Heights Company? A. Yes, sir.

Q. You gave me \$2,000,000 of the Brooklyn, Queens County and Suburban road? A. Yes, sir.

Q. What other assets? A. The purchase of the Brooklyn Heights Company.

Q. Not the purchase? A. Four million dollars was the guaranty fund; all of the accounts of the Brooklyn Heights Company appeared in one item.

Q. How much was it? A. Four million five hundred thousand dollars less \$40,000.

Q. Four million four hundred and sixty thousand dollars; is that right? A. Yes, sir; and less such expenses as had been incurred and the profits.

Q. Any other assets? A. I think in the neighborhood of \$30,000 in cash; I do not recollect the exact figures.

Q. I do not care to be exact; making \$4,506,000; now, what was its liabilities? A. Liability for the capital stock of \$30,000,000.

Q. It had other liabilities than that? A. Yes, sir.

Q. What? A. Several moderate amounts.

Q. I want to know what they were? A. I can not answer.

Q. Give me about the amounts? A. Approximately they were the assets; I think the statement showed a deficit of \$1,500,000 or \$1,600,000 if I recollect correctly.

Q. What did they owe? A. The capital stock of \$30,000,000.

Q. Was that all? A. They owed, I believe, the comptroller for taxes at that time; for the taxes of the State; and there was some petty stationery bills.

Q. Owed the comptroller for what? A. Regular taxes paid on the capital stock that they pay the comptroller every year.

Q. You never paid the comptroller any taxes on its capital stock? A. Yes, sir; last year.

Q. The Long Island Traction Company did? A. Yes, sir.

Q. On its stock? A. On the valuation of its stock.

Q. Or the stock which it held? A. On its stock.

Q. On the \$30,000,000? A. On the appraisal of its stock as the statute provides.

Q. They owed that; how much was it? A. I think it was in the neighborhood of \$3,500.

Q. Go on. A. That is all I recollect; I think there was one or two thousand for a surplus, is all.

Q. Making in all about \$8,000? A. Liabilities, yes, with the exception of the capital stock.

Q. Outside of its capital stock its entire indebtedness, you think \$8,000? A. Yes, sir.

Q. With \$30,000 cash on hand, it went into the hands of a receiver? A. Yes, sir.

Q. That demonstrates there was something besides the financial condition of the company that was conducive to the appointment of a receiver? A. No, it does not to my mind.

Q. It does not? A. No, sir.

Q. The \$30,000 cash was available? A. Yes, sir.

Q. And the liabilities aggregated \$8,000? A. Yes, sir; besides its interest in the joint collateral trust notes; it was liable on those notes.

Q. Yes, I know, but that was as surety. A. They were liable.

Q. What put this into the hands of a receiver, if you know? A. The Brooklyn Heights railroad, whose capital stock belonged to the Long Island Traction Company, was running behind in receipts and was financially embarrassed; it owed; there had rents accrued which would shortly become payable, which it had not funds to pay; if it failed to pay with the rent of the first of April, under the terms of the lease, the guaranty fund would be forfeited and the entire \$4,000,000, less that taken by the Brooklyn Heights Company, would be forfeited; that would deprive the Long Island Traction Company of its principal assets; the Brooklyn Heights Company required assistance; something must be done to avoid the forfeiture, and the Long Island Traction Com-

pany was obliged because of the petition of some one of its — either noteholders or stockholders, I have forgotten which—

Q. Go on. A. That is as far as I have to go.

Q. So that in that condition some kind creditor came with the assistance and put your company into the hands of a receiver, where they could raise the money without the Long Island Traction Company's doing anything excepting convening a board of directors and resolving not to pay; that is the result of your statement, the summing up? A. That is your summing up.

Q. Is not that correct? A. No; I should say it was a strict business transaction of the stockholder or noteholder, whoever he was, saw the situation of affairs, and decided it was best for his interests that a receiver might be appointed that a disaster to the Traction Company and consequently disaster to the Heights Company might be averted; and that he informed the counsel he intended to apply for a receiver; that the directors of the company saw that it would be the wise course to permit such a receiver to be appointed, and they, after looking the matter thoroughly over, decided it was best to make no opposition.

Q. The company did not take the initiative at all? A. Not to my knowledge; I have no knowledge of any initial step of the company.

Q. The amount sued on was \$10,000, or less? A. I do not recollect.

Q. You heard Mr. Lewis' statement this morning? A. Yes, but I have forgotten.

Q. You were certainly in a position to have taken care of the claim that was being pressed against you at that time? A. No, sir.

Q. You had \$30,000 in cash available to pay \$10,000? A. If they had undertaken to take up those notes, that \$30,000 would not have lasted; then the next step would have been still further, so the directors deemed it foolish to attempt to pay the collateral trust loans with \$30,000, as a business transaction.

Q. I suppose that is so, and it seems apparent it was an amicable arrangement; I do not understand, if it was, that there

is any necessity of spending so much time on it? A. I do not deny it; but I have no knowledge of the fact, and I can not so testify.

Q. You are very verbose of giving me the operation on the part of this creditor? A. You made a statement as to how this matter was brought about, and I put the statement in my language at your request.

Q. If you wish to leave it there, I am willing; was there any accrued interest unpaid upon this note at the time this action was commenced, in which the receiver was appointed? A. On what note?

Q. I got the impression in some way, either from you or Mr. Lewis, that somebody held a note of the Long Island Traction Company, and that that creditor commenced an action and applied to the United States Court for a receiver, and one was appointed; am I correct in that? A. I am not certain; I stated he was either a noteholder or stockholder.

Q. He could not bring an action on his stock to recover a debt? A. Then he must have been a noteholder.

Q. If he was an obligee, was there any accrued interest unpaid on the obligation that he held? A. No, sir; not to my knowledge; there was accrued interest, but not payable.

Q. Accrued interest unpaid or past due? A. No; it was not past due, to my knowledge.

Q. What position did Mr. Swin — is that his name? A. Yes, sir.

Q. Occupy? A. When?

Q. At any time in connection with either of these companies? A. He was assistant secretary and treasurer of the Brooklyn City Railroad Company, and subsequently elected treasurer and secretary of the Brooklyn City Railroad Company, and, I think, a short time assistant secretary and treasurer of the Brooklyn Heights Company; I am quite sure he was.

Q. Do you know Mr. John H. Scovill? A. No, sir.

Q. Or Thomas S. Smith? A. No, sir.

Q. William H. White? A. No, sir; wait; I know a Mr. White in New York city; whether his initials are W. H., I do not know.

Q. William A. Young? A. I think I have met a William A. Young; I know two or three Youngs; I could not identify any of those names as being of the people I absolutely know.

Q. Do you remember who Theodore S. Garnett is? A. No, sir.

Crowell Hadden, called and sworn, testified:

By Mr. Wade:

Q. You reside in the city of Brooklyn? A. Yes, sir.

Q. Are you in any way connected with the Long Island Traction Company? Yes, sir.

Q. In what capacity? A. Director.

Q. How long have you held the position of director in that company? A. Since its organization.

Q. You were one of the incorporators? A. Yes, sir.

Q. And one of the promoters of the company? A. Promoter; I do not know as I understand.

Q. That you got together and discussed the subject which culminated in the organization of the company? A. I think so.

Q. Were you one of the syndicate spoken of by Mr. Lewis? A. No, sir.

Q. Do you know of whom it was composed? A. I do not.

Q. Did you as a company have any transaction with the syndicate at any time? A. Not that I remember.

Q. Did you, as an individual, have any negotiations that led up to the organization of the company? A. Not that I know of.

Q. Have some negotiation with members of the syndicate? A. No, sir.

Q. What had the syndicate to do with it? A. The syndicate, I suppose, were the promoters of it.

Q. What? A. The syndicate, I suppose, were the promoters of it.

Q. The syndicate had got to be composed of somebody? A. Yes, sir; I suppose H. P. Hollins was a member of the syndicate; I don't know; I suppose he was.

Q. Who else? A. And I think the New York Guaranty and Indemnity Company was either the syndicate or part of the syndicate.

Q. Anyone else? A. No one else that I remember of.

Q. Was H. B. Hollins — is that his name? A. Yes, sir.

Q. Or this Indemnity Company interested in either of these roads prior to that time? A. I think not; no, not in these roads; are you speaking of the Long Island Traction Company?

Q. No; these three roads? A. I think they were owners of the stock of the Brooklyn City before that time.

Q. Who interested you in this Long Island Traction Company? A. I think it was Mr. Hollins.

Q. Did he give you the scheme of the syndicate and purposes of the organization? A. I presume he did; I do not remember now.

Q. You would not be very likely to jump in here as a director of a company of which you knew absolutely nothing? A. No; I went in as an incorporator in the first place.

Q. The certificate of incorporation describes you as more than that? A. Vice-president and director.

Q. You were pretty near the throne in the business; I would like to have you tell us what it was that started the enterprise; what was it that introduced the scheme of organizing the Traction Company, leasing the Brooklyn City road, and transferring the stock of the Brooklyn Heights and Brooklyn, Queens County and Suburban Company to the Long Island Traction Company? A. Because there was money in it over and above the 10 per cent.

Q. All and each of these things formed a part of one general scheme? A. Yes, sir.

Q. Of one business venture? A. Yes, sir.

Q. It was contemplated before you actually incorporated the Traction Company that it would become a proprietary company of the stock of the others? A. Yes, sir.

Q. Do you know why it did not acquire the stock of the Brooklyn City? A. By purchase?

Q. Yes, sir. A. I do not; that was not contemplated.

Q. Was it worth too little or too much? A. That I could not answer.

Q. Were you a stockholder in the Brooklyn Heights Company before the Long Island Traction Company was organized? A. Yes, sir.

Q. And in the Brooklyn, Queens County and Suburban? A. No, sir.

Q. In the Brooklyn City? A. Yes, sir.

Q. Some of you got together, and, as a result of your discussion and deliberation, you decided that the Brooklyn Heights Company stock should be acquired by a syndicate? A. Yes; I presume so.

Q. And for the Long Island Traction Company to be organized? A. Yes, sir.

Q. And that the Brooklyn, Queens County and Suburban Company's stock should be acquired by the same syndicate? A. Yes, sir.

Q. Tell me why that was thought to be advantageous? A. It was thought that the Brooklyn City Railroad Company would earn sufficient money in the future not only to pay the 10 per cent., but to pay a profit to the stockholders in the Long Island Traction Company.

Q. You did not care to declare dividends on the Brooklyn City stock greater than 10 per cent.? A. Do you mean the Long Island Traction Company did not care to?

Q. I mean the Brooklyn City people. A. I do not know as they had to; I do not know that they could; they had never paid more than eight.

Q. I thought some one said 14? A. They did, in the early history of the company.

Q. You got to be afraid you would have to, and so organized this other company? A. No; the other company was organized not only for the purpose of getting additional profit on the Brooklyn City but any other road they might acquire; they might acquire all the roads in the city by lease.

Q. Your immediate purpose was to acquire a proprietary inter-

est in two companies, one of which was the lessee of the third?

A. Yes, sir.

Q. For 999 years? A. Yes, sir.

Q. So that you practically controlled the operation of the three roads? A. Yes, sir.

Q. The same individuals controlled it already, did they not, practically? A. Controlled which road?

Q. The operation of the three roads? A. Oh, no; the two boards were distinct.

Q. Yes, I know they were distinct, but only one of them operated two roads? A. One of them operated two roads.

Q. Now, the other one? A. The other one was entirely distinct.

Q. Was not there a unity of interest somewhere? A. I think so; except the Brooklyn City, all took their portion of the Long Island Traction stock; they became interested then.

Q. How much stock did you take in the Long Island Traction company? A. I think my share was about nine hundred and odd shares.

Q. What price did you pay for it? A. Fifteen.

Q. Was that uniform throughout all stock taken — taken at fifteen? A. Yes, sir.

Q. Did the syndicate take any? A. I do not know; I think there was three millions went to the syndicate; they paid fifteen, and there was fifteen paid for every share of stock, as I understand.

Q. Four million five hundred thousand dollars? A. Yes, sir.

Q. You are familiar with the stock-book of that company, are you? A. Not particularly; no, sir.

Q. Well, in a general way? A. No, I do not know that I am; I never had occasion, that I know of, to sign any of the certificates.

Q. Do not you know about how the stock is held? A. I know it is scattered a great deal; I have seen it, maybe, within six months; there is a large number of stockholders.

Q. Now, Mr. Hadden, you have recently called upon the stock-

holders to pay into the treasurer \$10 per share on the stock held by them, respectively? A. I have not; no, sir.

Q. I do not mean you, individually, but your receiver has? A. No receiver or the organization committee.

Q. Either one? A. I received a circular to that effect.

Q. And did your stockholders appoint a committee? A. Yes, sir; there was a meeting called of the stockholders at the Clarendon Hotel — not all the stockholders, but a portion of them.

Q. Why didn't you call all of them? A. I don't know; I had nothing to do with it; it was called by an individual stockholder.

Q. That, I suppose, consisted of the larger stockholders? A. Yes, sir.

Q. And by them a committee was appointed to do what? A. A committee was appointed to investigate and confer with the management, and report back a plan for reorganization.

Q. When was this done? A. Some time in the winter, I think.

Q. After the appointment of a receiver? A. Oh, no; before the appointment of a receiver.

Q. Did that committee investigate and report? A. Yes, sir.

Q. What did they report? A. I never heard their report; it never came to me.

Q. Whom did they report to? A. They were to report to the stockholders.

Q. They never did report, then? A. Not that I know of.

Q. I understood they did? A. No, sir.

Q. Whether they investigated, you do not know? A. I think they did.

Q. What reorganization was there that was required? A. I am not familiar with it at all; I have no connection with the reorganization, and I never was consulted.

Q. You are vice-president? A. I had nothing to do with the reorganization.

Q. You had something to do with the company? A. I was vice-president at that time.

Q. How long did you hold that position? A. I think about

one year from its organization; that would make it about March, 1894, I think.

Q. And you continued to be a director? A. Yes, sir.

Q. Well, you ought to know pretty much, as director of the affairs of the company, as you were its vice-president, what rendered reorganization necessary; the company was not doing anything? A. I do not know as I could tell you, sir.

Q. Of course, it did not involve reorganizing some little fellows out of the concern, did it? A. No, I do not think there has ever been any disposition of that kind shown.

Q. Here is a company that had its existence maintained by another; enough philanthropists were at hand to discharge the duties of its various offices gratuitous; it had no business of its own; I do not see why that concern should become insolvent, do you; or embarrassed, do you? A. I do not know, I am sure.

Q. Why didn't you call on the syndicate again? A. I could not answer that, sir.

Q. Now, Mr. Hadden, as director of that company, have you any sort of an idea of what sort of reorganization was in contemplation? A. Yes, sir; it has all been published in circular form and issued to the stockholders.

Q. What? A. It has all been published in circular form and issued to the stockholders.

Q. What is it? A. If you will allow me I will go out and get a copy, and I can then give you facts exactly as they exist, and put it on file.

Q. That would be information you derived from someone else? A. Yes, sir; that is all the information I get as coming from the reorganization committee.

Q. I understood they did not give out any information; if you will be so kind as to send over that circular; you need not do it now; I understood Mr. Jenkins to say this forenoon that it was now intended to reorganize this company in some way, under the laws of the State of New York; do you know anything about that? A. No, sir; I do not; I know nothing about the reorganization;

Mr. Jenkins, I presume, is on the committee, and would know more about it than I would.

Q. Was on the committee? A. Yes, I presume so.

Q. He did not get far enough into it to make any report; I will ask you, was Mr. Jenkins one of the committee appointed by the stockholders that you have referred to? A. Yes, I think he was.

Q. Was that committee subsequently made the reorganization committee? A. No, sir; not all together.

Q. Who created the reorganization committee? A. I do not know.

Q. Do you know how it was created? A. I do not.

Q. Or when? A. No, sir.

Q. Have you attended all the meetings of the board of directors that has been held recently? A. I think so.

Q. So you know that it was not created by the board of directors? A. No, sir; it was not created by the board of directors.

Q. You have attended all the stockholders' meetings? A. No, sir.

Q. Since this trouble came up? A. The Traction Company's stockholders?

Q. Yes, sir. A. I do not know as I attended them all; I think I attended the last one in March or April.

Q. The reorganization committee was not appointed by that? A. No, sir.

Q. Is it a self-constituted body? A. I do not know, sir.

Q. What? A. I do not know.

Q. Do you know the names of the members? A. No, I do not; they are all on this paper that I propose to send you.

Q. It is all right, then; now, Mr. Hadden, were you a director at the time the advisability of putting this Traction Company into the hands of a receiver was discussed by the board of directors, it it was discussed by it at all? A. Yes, sir.

Q. Now, to have no mystery about this whole thing, that receiver was in fact appointed at the solicitation of the board of directors of this company, was it not? A. I do not remember it; the records will show if he was.

Q. No, that is just what they would not show. A. Seems to me it would.

Q. Yes, if the application was made to the court by the company; what I mean is, that you, as director, discovered it might be advantageous to appoint a receiver? A. I presume so; I do not remember the circumstances now.

Q. Do you know of any director of that company who would have been likely to have taken part in that proceeding and to have remembered it up to the present time; I have had three here now, and their recollection is poor, and it is quite a recent transaction? A. I do not know as any of them would have any better than I would.

Q. That was quite an important step by the company? A. I think so; but I can not remember of the matter coming up.

Q. You know it was under discussion? A. No, I do not know it was under discussion in the board.

Q. Or among the members of the board? A. I do not know it, sir.

Q. Were you surprised when you learned that a receiver had been appointed? A. No; I had heard it talked of in a general way, but whether in the board or out of the board I do not remember now.

Q. Mr. Hadden, why did you go into Virginia to incorporate this company? A. I do not know, unless it was a more favorable charter in Virginia than in the State of New York; we could get a more favorable charter, I presume.

Q. What do you mean by that? A. I don't know; I say I presume that was the reason; why it was more favorable I do not know, unless it was less taxation.

Q. Yes; and that is not the only feature about it; you are somewhat familiar with the corporation laws of the State of New York? A. Somewhat; not very.

Q. You know when you subscribe to the capital stock of the corporation in the State of New York you expect to pay for it? A. Yes, sir.

Q. Either in property, its fair value, or in cash? A. I suppose so.

Q. And you know if that is not done, the stockholders are individually liable to the corporation by the laws of the State of New York? A. Yes, sir.

Q. You know the reverse of that is true for the State of Virginia? A. Yes, sir.

Q. Is not that one of the reasons? A. I should think that was a good reason.

Q. Was it one of the reasons? A. I do not know that it was; I should think it was.

Q. In this list of persons who subscribed to the certificate are the names of Felix Campbell, Crowell Hadden, Henry A. Morley, J. V. Somerfield, Silas B. Dutcher, all of Brooklyn, and George W. Young, of Jersey City; do you remember they were your association there? A. Yes, sir.

Q. What one of those do you think would be most likely to know what it was that induced you all to go to Virginia to incorporate this company? A. I should think any one of them might know, possibly.

Q. You are the first one, and you do not seem to? A. No, I do not remember.

Q. I thought if I got any one of them it would answer the purpose; if you will tell me which one you think would be most likely to furnish that information I wish you would? A. I do not know as I could tell; I can not tell anything by special efforts of memory; a great many things are done and dismissed by your mind, if done right, or supposed to be.

Q. Here is another list of names; John H. Scovill, Thomas S. Smith, William H. White, William A. Young and Theodore S. Garnett; do you know who they are? A. No, sir.

Q. Do not know either of them? A. No, sir.

Q. Not either personally or by reputation? A. I do not recognize them by their names; I may possibly know them.

Q. What attorney had charge of this for you — had charge of

the incorporation of the Long Island Traction Company? A. I think Mr. Auerbach's firm.

Q. He would be likely to know how all this occurred, would he not? A. I think so.

Q. How long have you been interested in surface street railroads? A. As a stockholder?

Q. Or any other way? A. I have been interested in the roads a great many years as a stockholder.

Q. Here in Brooklyn entirely? A. Yes, sir.

Q. And in some road or roads that eventually became part of the system? A. Yes, sir.

Q. Of the Brooklyn City? A. My only interest was in the Brooklyn City railroad.

Q. You own none of the Brooklyn Heights? A. Yes, I so stated I was in the Brooklyn Heights; I stated I owned some of that.

Q. That is a recent corporation? A. I meant by that, three companies; the Long Island Traction Company, the Brooklyn Heights and Brooklyn City, but I meant none of the outside.

Q. Nor the Brooklyn, Queens County and Suburban? A. Nor the Brooklyn, Queens County and Suburban.

Q. Have you familiarized yourself somewhat with the cost of equipping roads? A. No, only from general information; I do not know I could give any information without referring to the books.

Q. Have you interested yourself in the affairs of these companies sufficient to know about their financial condition? A. More or less, yes, sir.

Q. You know substantially the indebtedness of each company? A. Yes, sir.

Q. And the amount of the capital stock of each company? A. Yes, sir.

Q. Supposing, Mr. Hadden, these three or four concerns were to be wound up to-day, and the indebtedness of each to be paid, and the capital stock to be paid out in full, have you any idea

about what the roads would have to sell for per mile including equipment and plant? A. No, sir.

Q. Would it surprise you to be told it would have to sell for over \$250,000 a mile? A. I would be very much surprised, yes, sir.

Q. You would be surprised to know that you were connected with it in that condition? A. Yes, sir.

Q. It is true, just the same. A. Is that figuring the Long Island Traction stock at \$30,000,000?

Q. Yes. A. I do not figure it at \$30,000,000; I figure it at \$15,000,000.

Q. I will take the Traction stock, the \$30,000,000, entirely out of it and eliminate it; would it surprise you to know it would have to sell at \$130,000 a mile? A. I do not know as that would; I have not figured the price per mile.

Q. Do you regard it of that value? A. I do not know that I am able to answer the question.

Q. You have got some notion of your own? A. It seems to be a high figure, \$130,000 a mile.

Q. I mean, including in that, the value of the franchise? A. Certainly.

Q. Do you know what the Brooklyn, Queens County and Suburban stock, the \$2,000,000 of that stock, was put out for by the company? A. I do not.

Q. Do you know what the \$12,000,000 of Brooklyn city stock was put out for? A. Yes, sir.

Q. How much? A. I think it was all put out at par.

Q. Originally? A. I think so.

Q. What becomes of that money? A. I think it was all put out at par

Q. Then it realized \$12,000,000 on its capital stock? A. I think so.

Q. It has a funded indebtedness of about \$10,000,000? A. What, the Brooklyn City?

Q. Yes. A. Six million nine hundred and twenty-five thousand dollars.

Q. Oh, no; \$925,000. A. Yes, \$6,925,000.

Q. Six millions nine hundred and twenty-five thousand dollars? A. Yes, sir.

Q. And then other indebtedness of nearly \$500,000? A. I did not know that; I presume it is so; I did not know that they had and other indebtedness.

Q. Do you know what the bonds were sold for? A. They were sold at par, I think; at par, at least.

Q. So that \$6,000,000 was derived from that? A. Yes, sir.

Q. And about when was that \$12,000,000 of stock issued? A. It has been issued from time to time in the last twenty years; I think the capital stock was \$1,000,000, originally, and it was increased to \$2,000,000; then \$3,200,000, then to 9,000,000, and then to \$12,000,000.

Q. What was the Brooklyn Heights stock put out for? A. I do not know.

Q. Did you have anything to do with the purchase by the Long Island Traction Company of the \$2,000,000 of bonds of the Brooklyn, Queens County and Suburban? A. I do not know how it was brought about; I do not know how it came about; I think the \$2,000,000 of bonds were purchased and put in the guaranty fund.

Q. The \$2,000,000 of bonds were purchased by the Long Island Traction Company at the time you were director and vice-president? A. I think so.

Q. Don't you know about it? A. I don't know; I presume I did.

Q. At that time you knew all about it? A. I presume I did, yes, sir.

Q. Was the entire stock of the Brooklyn, Queens County and Suburban substantially the entire stock thrown in? A. The stock was turned in; I do not know in what way it was turned in; I presume in the way you speak.

Q. Do you remember how much you paid for those bonds? A. I think about 97½; I think so.

Q. And sold them for what? A. We did not sell them; they went into the guaranty fund.

Q. Then you bought \$200,000 afterwards, or at another time?
A. Of those bonds?

Q. Yes? A. I do not remember that transaction.

Q. What? A. I do not remember that transaction.

Q. I understood the last witness that you purchased \$210,000 of them and made \$30,000 on them? A. I know they went into the guaranty fund.

Q. You have got the \$2,000,000 of stock? A. Yes, sir

Q. That was thrown in with your purchase of the \$2,000,000 of bonds? A. Yes, I think so.

Q. How do you explain that; were the stockholders of the Brooklyn, Queens County and Suburban road anxious to have some one help them let go? A. I can not explain it without referring to the minutes of the meeting.

Q. They actually gave up all they had? A. I presume they did.

Q. And stepped out without anything? A. I guess they did.

Q. Did you regard it as a good investment for your company to purchase those bonds of \$2,000,000 and take this stock? A. Yes, sir.

Q. Why? A. I do not know why, except they are first mortgage bonds on a good road, and considered a good security and were accepted by the Brooklyn City Railroad Company.

Q. Do you regard a road a good road whose stock is not worth a dollar? A. We regard the first mortgage bond certainly good.

Q. Their stock? A. I do not know as their stock was worth anything at that time; I do not know as it is now.

Q. I do not? A. I am sure I do not.

Q. It is quite evident that the people who held that stock did not prize it very highly, is it not? A. That is so; I do not think it was worth much, myself.

Q. Were they the same people who went into the Long Island Traction Company, or strangers to the Long Island Traction Company? A. Were they; who?

Q. Were they the same people who went into the Long Island

Traction Company, or were they strangers to the Long Island Traction Company? A. I do not know whom you refer to?

Q. Who owned the stock of the Brooklyn, Queens County and Suburban? A. They had no connection with the Long Island Traction Company.

Q. Who were they? A. I do not know.

Q. Did you ever know the name of any one? A. No; I know John Englis was president.

Q. He was connected with the Long Island Traction Company, too, was he not? A. No, not that I know of.

Q. Do you know C. M. Wicker? A. No, sir.

Recess until Wednesday, July 10, 1895, at 10 a. m.

The committee convened at the council chamber, in the city of Brooklyn, Wednesday, July 10, 1895, at 10 a. m.

Seth L. Keeney, called and sworn testified:

By Mr. Wade:

Q. Where do you reside? A. Brooklyn.

Q. What business are you engaged in? A. Contracting has been my business; contracting and mercantile business during my life.

Q. What is the nature of the contracts? A. Almost all kinds of work nearly, such as water works, storage, bridge building, etc.

Q. Railroad construction? A. Yes, sir; the first work I ever had was the Delaware, Lackawanna and Western Railroad, 10 miles of it.

Q. Have you constructed any electric street railways? A. No, sir.

Q. Or been interested in it? A. No, sir.

Q. Are you interested in any street railway in any capacity? A. As director and stockholder, I am.

Q. In what company? A. In the Brooklyn Heights and the Long Island Traction Company.

Q. When did you first become connected with the Brooklyn Heights as a stockholder? A. I think it was about two and one-half years ago.

Q. That you became stockholder? A. Yes, sir.

Q. About the first of January, 1893? A. Yes, sir; I think it was March or April, somewhere along there; I can not state exactly about the time; it might not have been two and one-half years ago.

Q. From whom did you purchase the stock that you obtained at that time? A. I purchased it from — I can not say; I guess from the company; I have had so many different stocks I hardly remember whom I purchased of.

Q. Now, remember, we are speaking of the Brooklyn Heights Railroad Company? A. Yes, sir.

Q. You became a stockholder in March or April, 1893, and you must have obtained that stock from some source? A. Yes, sir.

Q. Now, the source from which you obtained it? A. My check would tell, I presume, if I could find it; but I do not remember.

Q. Do you remember whether it was from an individual or corporation? A. I could not tell without referring to the stub of my check book.

Q. Do you remember what you paid for the stock? A. I do not; I paid for it, but I do not remember in what or how much.

Q. Or to whom? A. Nor to whom.

Q. Did you immediately become a stockholder on acquiring the stock which you purchased at that time? A. I think I did soon after.

Q. And did you purchase the stock with a view of becoming a director in the company? A. That I can not say; it is so long ago that such transactions go in one ear and out the other; after a thing is done with me it is done and forgotten.

Q. Then you have, at the present time, no present recollection of whether you intended becoming a director when you purchased the stock? A. I have an idea that that was the intention of my buying it — to become a director; that is my idea that it was, yes,

sir; that was the idea of buying that stock, to become a director, to make me a legal director.

Q. How much did you purchase? A. That I can not say; whether it was 1 share or 10 shares or 20, I can not remember.

Q. Have you ever sold any? A. No.

Q. You are unable now to say whether you have 1 or 20 shares of the Brooklyn Heights? A. I am unable to say; yes, sir.

Q. With whom did you have the talk or negotiations leading up to your purchase of this stock, in contemplation of becoming a director? A. I do not know.

Q. Had you, prior to that time, March or April, 1893, had any interest whatever in the Brooklyn Heights Railroad Company? A. I think not.

Q. Or the Brooklyn City Railroad Company? A. I had in the Brooklyn City Railroad Company.

Q. You had? A. Yes, sir.

Q. How long had you been interested in the Brooklyn City Railroad Company? A. I do not know; probably more years than I have got fingers and toes.

Q. For quite a number of years? A. Yes, sir.

Q. In what capacity? A. As a stockholder, principally, and laterally as a director.

Q. How long have you been a director in the Brooklyn City? A. I could not say; it is guess work; say five years.

Q. Five or six years? A. Yes, sir; somewhere there.

Q. You were such director prior to the time that it leased the road to the Brooklyn Heights, February 14, 1893? A. Yes, sir.

Q. And took part in the negotiations that culminated in that lease? A. Yes, sir.

Q. And are familiar with the entire transaction? A. As familiar as — at the time at the meetings I knew it was going on, but what transpired I could not repeat it all to-day.

Q. My inquiry is this: as a director of the Brooklyn Heights Railroad Company, at that time, you knew the transactions in

which the company was engaged? A. Yes, sir; I naturally would, being a director.

Q. I knew you naturally would, but did you; did you familiarize yourself with what was going on in the company? A. I did at the time; after I got out of the company I was in some other company and probably dropped it.

Q. So that while these negotiations were going on looking toward a lease of the Brooklyn City to the Brooklyn Heights you were a director and took part in it? A. Yes, sir.

Q. And of course at that time knew all about it; can you tell me when the last meeting of the Brooklyn Heights Company was held? A. When it was held?

Q. Yes, sir. A. Yesterday.

Q. And when was the last meeting of the directors of the Brooklyn City held? A. I can not tell you; I am not a director in it.

Q. I understood you to say you became a director five or six years years ago and continued yet? A. No, sir; I did not say I continued.

Q. How long since you have been a director in the Brooklyn City? A. Over two years, I think.

Q. Were you such at the time the property was turned over by the Brooklyn City to the Brooklyn Heights? A. I am not positive; I think I had resigned before that was done, or about that time.

Q. Did you, at the time you became a director in the Brooklyn Heights, also become a director in the Long Island Company? A. At that time or soon after.

Q. Substantially the same then? A. Substantially, I think, the same time.

Q. Do you continue to hold that position? A. I do.

Q. So that you have been familiar with the transaction of that company from the spring of 1893 down to the present time? A. Yes, sir; I have known particularly what was going on.

Q. As a director, the duty devolved on you of knowing and taking part in it, did it not? A. Yes, sir.

Q. Now, did you discharge that duty? A. To the best of my ability.

Q. Can you tell, Mr. Keeney, when the negotiations looking towards the lease of the Brooklyn City Railroad Company to the Brooklyn Heights first began? A. I can not remember; I think there are papers that will show, but I can not remember.

Q. Can you state what was the purpose of that lease? A. Of the Brooklyn Heights lease?

Q. Yes. A. I do not think I can.

Q. Can not state the object or purpose of it? A. No.

Q. The Brooklyn City Railroad at that time was solvent? A. Yes, sir.

Q. A year after your declaring dividends from its net earnings? A. Yes, sir.

Q. What was the financial condition of the Brooklyn Heights Company at that time? A. I do not know; I never was connected with the Brooklyn Heights until about that time.

Q. Becoming connected with it, did not you ascertain its financial condition? A. No, I did not; I never knew but what its financial condition was good.

Q. On what basis did you buy the stock? A. On a basis that I buy many things, by what you might tell me what you thought of a thing, and I buy it on that account.

Q. You would not be likely to go and purchase the stock in a railroad corporation with a view of becoming a director without knowing anything about its financial condition, or not knowing anything about what it had in contemplation, would you? A. I probably knew something about it; I know something about almost everything, or have my ideas, about every financial institution or corporation in Brooklyn; I keep pretty well posted by what I hear and read in the papers.

Q. Now, that idea of the Brooklyn Heights Company, I wish you would state, at the time it made this lease? A. I do not understand what you want.

Q. That Brooklyn Heights Company had a half a mile of road here? A. Yes, sir.

Q. It had \$200,000 of capital stock; you knew that, didn't you?
A. Yes, sir.

Q. It had \$250,000 bonded indebtedness? A. Yes, sir.

Q. You knew that, didn't you? A. I presume so.

Q. And did it ever occur to you that half a mile of road, with the power of operating it, could be sold for \$250,000? A. Well, the right of way is worth a good deal of money.

Q. All right, put that in with it, the franchise and road, and power and equipment, etc., was it at that time worth \$250,000?

A. I do not know what it was worth; it might have been worth more or less, taking the franchise all together.

Q. What is your judgment, Mr. Keeney? A. There is a present value and a prospective value on such a thing as that on all these roads.

Q. You could not determine the fair value of that property, or any other railroad property, without taking into consideration its prospective value, could you? A. No.

Q. Then do that and give your opinion of the value of the road at that time, the franchise, equipment, etc.? A. I am not a judge of that thing; I never built a cable road in my life, and do not know what it is worth a mile; I never figured on it or never estimated on it; if that was a steam road, such as was being built in my day, I could tell more about it.

Q. Then, if I understand you, you have not any idea of the value of the property of the Brooklyn Heights Railroad Company at the time you became a stockholder in it? A. No, I have not a great idea of the value of it.

Q. Did you ever have? A. I don't know that I ever had.

Q. That feature had no influence upon you, then, in making the purchase of stock which you made in the spring of 1893? A. How was that question?

Q. I say, the value of the plant and the financial condition of the company were features that did not influence you at all in purchasing the stock which you purchased in the spring of 1893?
A. I presume it had some influence with me.

Q. How could it do it if you didn't know anything about it? A.

A person will buy a quarter's worth of eggs for 15 cents if he thinks they were going to be worth 20 cents any time, you know.

Q. What? A. A person will buy a quarter's worth of eggs for 15 cents if he thinks they are going to be worth 20, any time.

Q. But a person usually, in buying eggs, takes into consideration in what particular year those eggs came into existence, does he not? A. Naturally, yes, sir.

Q. That didn't seem to influence you in the purchase of this stock? A. I presume I thought there might be a future for that stock.

Q. If it was subjected to a proper deodorizing process? A. It was a cable road, and I went into it lightly on that account, I suppose, because I did not know as much about it as I generally do about other roads.

Q. You do not know just how largely you went into it; you do not know whether you acquired 1 share or 20? A. I do not remember that.

Q. Do you remember this fact, that your becoming interested in that road was a part of the general scheme of getting the three roads under the control of a proprietary company? A. I think that was the idea.

Q. Now, why did they want to do that? A. Well, they had to have a name for the road, and they thought they would take a short road for the name, and an inexpensive road.

Q. What road? A. The Brooklyn Heights.

Q. You had named it already? A. They named it for the Brooklyn Heights, I believe.

Q. You think they all went into Virginia and organized a corporation with \$30,000,000 of capital, because of the advantages to be derived from acquiring a new name? A. I do not think; is the charter of the Brooklyn Heights got in Virginia?

Q. No, the Long Island Traction Company was got there. A. Yes, that is what I thought; the Traction Company was in Virginia.

Q. I wanted to get at your idea why the officers and directors of these three railroad companies, the Brooklyn, Queens County

and Suburban, the Brooklyn City and the Brooklyn Heights thought it advisable to organize a company in Virginia? A. I suppose it was cheaper to organize in Virginia, probably, at that time, than it was in the State of New York; now, I understand, there is very little difference.

Q. We are talking about that time, Mr. Keeney; now, what was the reason and what was the necessity of another company?

A. Of the Traction Company?

Q. Yes, sir. A. Why, to enlarge, as I understand it; to enlarge the plant; to take in larger — that company, I think, has a right to take in other roads and extend more than the other had.

Q. The idea was, then, to create a colossal institution in Virginia that could acquire the stock of the various railroads throughout the State of New York, if it wanted to? A. I think so.

Q. And still have the companies thus acquired retain their identity and each operate its own road? A. No, I think they were to operate under the name of the Brooklyn Heights or the Long Island Traction Company; the Long Island Traction Company owns the stock of the Brooklyn, Queens County and Suburban road.

Q. Yes, that company got it after it was organized; but I would like to know just what was your scheme when you started out to do this business, before it was accomplished? A. Our scheme was to extend the roads through Brooklyn and the surrounding country to try and make an honest shilling by doing that.

Q. An honest shilling? A. An honest shilling.

Q. Well, did you have an eye centered on that honest shilling when you put out this \$30,000,000 at 15 cents on a dollar? A. Yes, I think they might as well buy at 15 cents as at par, as long as the public understand it.

Q. What has the public got to do with it? A. The public wanted to purchase and make their honest shilling out of it.

Q. That party that bought it at forty soon afterwards didn't see anything of the honest shilling. A. They are looking for it, and they probably will get it if they hang onto it long enough; it is for a person to hang on.

Q. You at that time and for several years had been a director of the Brooklyn City? A. Yes, sir.

Q. Now, the Brooklyn City had been declaring dividends on its stock right along? A. Yes, sir; it was running down hill; it used to pay 14 per cent. and kept working down, and I thought it best to get into a new concern.

Q. Where it would work back again? A. Yes, sir.

Q. While the amount of dividends had been working down the amount of capital stock had been working up? A. Yes, sir.

Q. From one million to twelve? A. Yes; they worked in a good many franchises in doing so.

Q. Was it not a custom pursued in the Brooklyn City Railroad Company of acquiring a new line or new branch or new road somewhere through some sort of syndicate and transferring that by the syndicate to the company? A. Yes, the company kept adding and buying other roads, and had to do it.

Q. Let us go right back to a time you wanted to acquire a road and assume and operate that road; I would not sell that road or stock direct to the Brooklyn City Company, would I? A. I do not know.

Q. You were a director? A. I know, but I am not a lawyer; we probably had counsel; a man like you to advise us, and to take those steps legally; I can not tell what the lawyers did at that time.

Q. I want to get at this feature of it; the Brooklyn City has been reaching out and picking up various roads that were formerly horsecar lines; is not that true? A. Yes, sir.

Q. And I want to ask you if at any time it negotiated direct with one of those smaller companies or if it was done through some third party in the form of a syndicate or otherwise? A. I could not state that; I supposed it was done direct, but I can not remember it.

Q. And paid for usually in stock? A. I don't know.

Q. And the capital stock increased? A. I do not know about that.

Q. Is it not a fact, Mr. Keeney, at the time you conceived the

idea of forming this proprietary company, that you thought it advisable in some manner to acquire as much money from the Brooklyn City railroad as you had been doing and not have it come in the form of dividends to create some sort of a scheme by which the earnings could be divided otherwise than by dividends? A. There was never anything of that kind of talk that I know of.

Q. Was the subject of dividends of the Brooklyn City discussed any? A. Not to my recollection.

Q. Did you hear Mr. Jenkins testify yesterday? A. A very few minutes; not more than five minutes.

Q. You did not hear him testify with reference to this subject, did you, about the dividends. A. No, sir.

Q. You understand, Mr. Keeney, that a scheme is on foot now to organize the Traction Company in the State of New York? A. Yes, sir.

Q. What for? A. To put it on a sound, solid foundation, as I understand it, which probably would have been on a sound solid foundation now, if it had not been for the panic; and then it got back to a solid foundation when the strike came on and that knocked it again.

Q. There was no strike in the Traction Company? A. It was in the Brooklyn Heights and Traction Company; pretty near one; what affects one affects the other.

Q. Now, do you contend that the panic has had any effect upon the Long Island Traction Company? A. Yes, I think so.

Q. In what way? A. To cripple financially; there was thousands of people that rode then that walk, that was not able to ride.

Q. The Long Island Traction Company, keep that in your mind separate from the Brooklyn Heights Company; the Long Island Traction Company was not operating the road; it was a stockholder in a company that was operating a road or more than one road; now, I want to know how the panic affected the Long Island Traction Company as a company? A. What affected one affected the other; what affected the Long Island Traction Com-

pany affected the Brooklyn Heights, and run the stock down because people were not riding.

Q. But the company did not have any stock? A. Which company?

Q. The Long Island Traction Company had sold all its stock that had been subscribed and taken at 15 cents on a dollar, and the going up and down of the stock would not affect the company as a corporation? A. It would affect the Brooklyn Heights.

Q. How? A. By not riding or carrying the number of passengers.

Q. That is not the point, Mr. Keeney; do not mix up the Brooklyn Heights with the Long Island Traction Company for a few minutes; here was the Traction Company engaged in no business whatever; is not that true? A. They were engaged in organizing other companies in with them.

Q. When? A. That is their charter, as I understand it, is the privilege.

Q. Oh, but they had the privilege, but it was not doing it; it went no further than these three roads, did it? A. No, but it got extensions so it could extend their road further.

Q. In what name did they get the extensions? A. In the name of the Brooklyn Heights or Long Island Traction, I don't know which, or the Brooklyn, Queens County and Suburban, or the three, I guess, the Brooklyn, Queens County and Suburban or the Brooklyn Heights.

Q. Yes; that is the act of either one of those corporations, and not the Long Island Traction Company; it is a fact these things have got into such confusion that you can not separate the acts of one corporation from the other? A. I do not know as I am smart enough; I think there are plenty of lawyers that can.

Q. The lawyers are not operating your road, are they? If they are, you had better sell your stock or you will have to. A. They have got some of it now.

Q. Do you know something about a transaction recently by which the Long Island Traction Company and the Brooklyn Heights Company gave to the Brooklyn City a note of \$6,000 or

\$7,000, or notes? A. I think there was some such thing as that done.

Q. For what was that note given? A. Given, I guess, for the money; I do not know much about that; I do not know but what it was under a receiver; that was kind of a lawyer's muss, I think.

Q. Do you charge up all the ills of this combination to the lawyers? A. Pretty much.

Q. So, if a lawyer comes along and tells you that the railroad company should issue its note for a few millions, you would do it, would you? A. I should look at it awhile.

Q. And if it looked well, do it? A. I presume something of that kind.

Q. Is that all you know about the affairs of a corporation that you are charged with managing in connection with your board of directors? A. I have told you all I knew as far as I could, as far as you have asked it.

Q. Are you interested in the Brooklyn Eagle? A. Does that have anything to do with this case?

Q. Yes, sir. A. I do not think they are connected with the Traction Company; is that a fair question for you to ask me?

Q. I think so, and I will tell you why; the Brooklyn Eagle, night before last, gave this committee and its counsel considerable advice, and directed us to the source of considerable information, and it contended that the ills were numerous and complaints were numerous, and occasions for it most frequent, and if this was an honest committee it would go to the bottom of this thing; now, if this paper will aid us in this we will appreciate it; if you prefer not to answer the question I shall not press it, only I deem it entirely unfair for a newspaper to insinuate that the committee is not endeavoring to make a thorough investigation, contending it has plenty of information itself that it is free to withhold.

Mr. Foley.—Is this gentleman connected with the Eagle, that you asked this question?

Mr. Wade.—I do not know yet.

The Witness.—I am a trustee of the Eagle; I will answer that.

Q. Now, could you direct this committee, Mr. Keeney, to the source of information that would disclose that the roads are not properly operated and managed? A. Will you state that question again?

Q. Could you direct this committee to the source of information that would disclose the fact that the roads are not properly managed? A. I could not.

Q. Do you know anybody connected with the paper that could? A. I do not.

Q. Do you know of the fact that the management of the railroads has been unsatisfactory to the stockholders? A. I do not.

Q. Have you ever heard that contention? A. No.

Q. Has the management of the road been unsatisfactory? A. It has to some.

Q. As a rule, I mean? A. I think not as to the best thinking people; as to the best people of judgment.

Q. I will put that in this way, Mr. Keeney: Do you think the management of the roads has been satisfactory to people who know most about it and who are not interested in it? A. I think they have been satisfactory until they got to running slower than horsecars and then I think there was dissatisfaction, and there is probably a good many get in front of the cars when they were going along and thought they would like to get out of this world, and did not, and got their leg broke or hurt in any way would get \$10,000 or \$15,000, either commit suicide or get damages out of the company; that is where a good many of the accidents occur, I think.

Q. You do not entertain the opinion that a sane person would deliberately step in front of one of those cars? A. I think they would do it just as quick as they would step in front of a locomotive, or jump off the bridge for that purpose.

Q. Very likely; for the purpose of bringing an action against your company for damages? A. Yes, sir.

Q. I have heard of a good many ways of acquiring money, but I had rather take stock in the Traction Company than do that;

I want to read you a few sentences from the editorial columns of the Eagle, of Monday night, and ask if you can give us any information on these subjects? A. I have been out of town and do not think I can.

Q. If the committee proposes simply to examine into the financial condition of the railroad corporations the opportunities for such investigation offered by the Long Island Traction Company and the Brooklyn Heights Company should satisfy it; it will not be difficult to find witnesses; there are enough dissatisfied stockholders here to occupy the time of the committee for several weeks; the plan of reorganization of the Traction Company commends itself to many of the stockholders as a plan for squeezing out men with small holdings and limited capital for the benefit of the men with big holdings; unless a stockholder is willing to pay the large assessment he will be compelled to sell his stock at a time when the demand for it will be small; do you know anything about that? A. I know all about it; you have read it to me; I did not know anything about it before.

Q. Can you tell me of a small stockholder that can testify that that scheme is in existence at the present time? A. I can not.

Q. Then you are not one of the dissatisfied stockholders? A. No, sir.

Q. Do you know any who are dissatisfied? A. I do not; I know of grumblers; there are grumblers in everything, every business and corporation; I do not think of any at the present time.

Q. Can you give us the name of one grumbler that we can send for? A. No; I think you could find them by about Monday when they have to pay in their ten per cent.; I do not know of any to-day.

Q. Where do they have to pay in; I will be there? A. I think in New York at the Central Trust Company.

Q. Each stockholder is required to pay 10 per cent. Monday next? A. No, 5 per cent. then, I think, and 5 later, as I understand it.

Q. What happens if he don't pay? A. Well, he don't pay, I suppose.

Q. Does he lose his stock? A. He can sell his stock if he don't pay.

Q. Suppose he don't want to? A. He must either pay, or sell, or shut up, I suppose.

Q. Who directs what he shall sell at? A. At the market price; it is sold on the market every day, on the stock exchange; that is the place I should sell if I could not raise the money to pay my 5 per cent., unless I could sell it to them at a higher price, or someone else.

Q. I do not think I shall purchase this forenoon; now, how soon is the second five to be paid? A. I think it is September; I am not positive.

Q. Now, Mr. Keeney, under this reorganization plan, you take 5 per cent. of your capital stock and pay it next Monday, and 5 per cent. on the second of September; what do you get for that? A. I don't know that I have had it in my pocket until this morning; I never glanced it over; some equivalent; new stock for some portion.

Q. One share of new stock for every share of old stock? A. Yes, sir.

Q. Are you going to diminish the capital? A. I think so.

Q. To \$15,000,000? A. I think so; I am not in that reorganization.

Q. New bonds at par to the point of the cash subscription of 10 per cent. of \$10 per share paid; I want to know what those bonds are to be? A. I do not know.

Q. How are they to be secured? A. I do not know.

Q. Are they something that is payable ahead of the stock or before dividends on the stock? A. I could not tell you that, either.

Q. Are they to have any value whatever? A. I could not tell.

Q. And new stock to the amount equal to 75 per cent. of the amount of cash subscription of \$10 per share paid? A. I presume so; I don't know only what I have read, perhaps, as you got it

there; I could not carry it in my mind; I am taking my chances on that.

Q. Without investigation? A. Yes, sir; I have confidence in the men that are in the thing.

Q. You are relying on them? A. Yes, I am going it blind.

Q. You surrender your right to take your stock, don't you? A. I think so.

Q. And place that in the hands of Alcott, Flower and Brady? A. To do about as they ask, because I have confidence in them, just as I had when I bought the Brooklyn Heights; I supposed it was all right, and I guess it was.

Q. You happened to approve this plan as a director? A. Yes, I approved it as far as my vote went; yes, sir.

Q. How can you do that without knowing anything about it? A. I knew at the time.

Q. This is a matter originating this month or last? A. The matter was dropped from my mind because my mind was on some other subject.

Q. At the time you knew about it and decided how to act? A. Yes, sir.

Q. And immediately forgot the whole business? A. Yes.

Q. I should think you would forget how you decided to act? A. I would remember some things, of course; I can remember being here before you this forenoon; but this afternoon I can not remember one-tenth about what you asked me nor my answers.

Q. I suppose that is true; now, I want to go back a few minutes to that \$630,000 note; what do you know about that anyway? A. I know very little about that note.

Q. The Brooklyn Heights Railroad Company borrowed of the Brooklyn City Company \$630,000? A. That is my recollection.

Q. In cash? A. In cash; how it was done, I think it was done through a receiver, is my idea now.

Q. The Brooklyn Heights is not in the hands of a receiver? A. The Long Island Traction Company is.

Q. You have them mixed again. A. It is hard to separate them.

Q. Who borrowed the money, the Long Island Traction Company or the Brooklyn Heights? A. I do not know.

Q. Did not you take part in the transaction? A. Perhaps I did; I do not remember now what it was if I did.

Q. You know some fuss has been raised about it and the money was paid back? A. Yes, the money was paid back.

Q. It was in consequence of the row raised about it by some of the stockholders of the Brooklyn City, was it not? A. Not to my knowledge.

Q. And it has since been declared into a dividend, or some portion of it? A. I do not know; I think not.

Q. Where is it to-day? A. I can not tell what a day will bring forth.

Q. What do you know on that subject? A. I do not know; I am not a director in that company.

Q. You are a stockholder? A. Yes, but I can not tell what they will do until they do it, or no one else.

Q. Don't you know it is contemplated to declare a dividend out of that surplus? A. I have heard that rumored; I do not know what the directors may do.

Q. Don't you think it would be advantageous to the Brooklyn City Railroad Company to have the lease of its road to the Brooklyn Heights abrogated and the Brooklyn City resume control and the operation of its own road? A. I think they are safer with guardians; that is, the Traction Company.

Q. What do you think of a guardian of you that can not properly take care of itself? A. I should apply to the courts for one that could.

Q. If you had a guardian that could not properly look after himself you would not want him looking after you? A. No.

Q. That is about the situation here; this Long Island Traction Company has practically fallen of its own weight? A. When it could not look after itself it got another guardian, it got a receiver.

Q. Yes, I knew that; stop right here and tell me the necessity of a receivership for the Long Island Traction Company at the

time one was appointed? A. Well, I am not capable of telling you; it was done by the advice of some of your brother lawyers, I suppose, on consultation with the authorities of the Long Island Traction Company; I am not familiar with that.

Q. It was not the guardian that was embarrassed, was it; it was one of the wards? A. What do you mean by one of the wards?

Q. Why, the Brooklyn Heights; you injected this term guardian here, and if you understand the operation better by the use of those terms, very well. A. I think the guardian was appointed for the Traction Company.

Q. You have called the Traction Company guardian, and you thought the Brooklyn City would be better off with such a guardian? A. Yes, sir.

Q. Don't you think that the Traction Company could be better operated and managed by its board of directors and men who have invested their money in it than by a receiver appointed by the court? A. I think they can when this new reorganization gets into effect; they will probably do that; that will be the best thing to be done, and the receiver properly released.

Q. You do not quite answer my question, Mr. Keeney; it is sort of going around the barn with the answer; let me ask you this question; do you know enough about the affairs of these companies to know that occasion of appointing a receiver of the Long Island Traction Company was the financial stress of the Brooklyn Heights Company? A. I suppose it was a condition the two companies was in, was the cause of the receiver's being appointed temporarily.

Q. If the Long Island Traction Company had had no business except its own to look after there was no necessity of a receiver, was there? A. If they had had sufficient funds, the Long Island Traction Company, to have supported the Brooklyn Heights in that emergency of the panic, there would not.

Q. Or if the Brooklyn Heights Company could have taken care of itself the Long Island Traction Company could easily have

taken care of itself? A. Probably would have taken care of itself at that time.

Q. Now, Mr. Keeney, being one of the directors of the Brooklyn City Railroad Company at the time, somebody conceived of the idea of creating this parental company, and can you tell us who composed the syndicate? A. I can not.

Q. That purchased the stock of the Brooklyn, Queens County and Suburban, and the Brooklyn Heights? A. I can not.

Q. Did you ever know? A. I don't know that I ever knew; if I did I don't remember it; I might have known by reading it out of the papers just as you read that piece to me, but I have no recollection of it now at all.

Q. Did that syndicate negotiate the terms of the lease from the Brooklyn City to the Brooklyn Heights? A. I could not tell.

Q. Did you have anything to do with it? A. I think not.

Q. Were you then a director of both companies? A. No; which companies?

Q. The Brooklyn City and the Brooklyn Heights? A. No, sir.

Q. Have you been a director of the Brooklyn, Queens County and Suburban? A. Never.

Q. Mr. Keeney, did you understand the terms on which the stock of the Brooklyn, Queens County and Suburban road was purchased by the Long Island Traction Company? A. I presume I did at the time, but I have no recollection of it now.

Q. Who was interested with you at the time, or took part in that transaction? A. I could not say; I suppose it was the board of directors, whoever they were; and when it was, I do not remember that.

Q. Mr. Keeney, do you know anything about the practical operations of the roads, either of them? A. In what respect?

Q. The running of cars and time tables? A. No; I do not.

Q. And the pay-rolls? A. No.

Q. And the price of labor, and so forth? A. No; I do not know the hours of labor of the conductors and motormen; I know the hours of laborers of the track part of it.

Q. Have you ever taken any active part in the actual operation of the roads aside from what would naturally come under your observation as one of the directors? A. No; only in the shape — there was committees appointed a short time ago, less than a year, may be, and I was on some of those committees, and the committees I was on I looked into the affairs that I was named in it too, but outside of that I never troubled or looked into it at all.

Q. What committee were you on? A. I was on the purchasing committee for one, I think.

Q. Purchasing supplies for material? A. Yes, and I think on the transfer committee.

Q. Creating transfer stations? A. Yes; I think I was on the transfer committee, and I think I was on the track — on the track department.

Q. Can you tell me, Mr. Keeney, from how many points within the city limits a person would have to pay two fares riding on your road to the Brooklyn Bridge or the Wall street ferry, or the Fulton ferry? A. From what points?

Q. I want to know how many different points, if you can tell me? A. Do you want to know how many transfer places there is?

Q. No. A. I do not get it.

Q. There are some points where you do not have any transfer stations? A. Yes.

Q. Where the roads intersect? A. Yes, sir.

Q. Now, I want to know how many places there are in the city from which a person would have to pay two or more fares on your lines to get to the Brooklyn bridge, or Fulton ferry or the Wall street ferry? A. I could not tell; that would take a good deal of ciphering.

Q. You have been on the transfer committee some time? A. Yes, sir.

Q. Surely that is one of the subjects that come under the charge and care of this committee? A. I never studied that part of it.

Q. Do you know that there are many such places? A. Yes; there are many such places.

Q. Do you know of a single place where there is an intersection and competition at the same point where there is not a transfer station? A. Yes; there is numbers of them; I think there is one on Nostrand avenue and Myrtle.

Q. What do you compete with there? A. The eleveated rail-road.

Q. Is there not a transfer station there? A. I think not.

Q. What did you say? A. Myrtle and Nostrand.

Q. Will you look on the map and tell us where Nostrand is? (The witness examines map produced by Mr. Lewis, purporting to have indicated upon it all the transfer stations of the system.)

Q. Is Myrtle avenue the most direct route down town from the twenty-first ward? A. Yes, sir; from the twenty-first and twentieth.

Q. Don't you think that there ought to be a transfer station at Myrtle avenue and Nostrand? A. We have been talking of it and thinking of putting one there for some time; but we have not done so yet; I think there will be one there soon.

Q. Don't you think there should be one there? A. I think so; I have so contended; there is one at the park.

Q. It is further away? A. I think there is one at Tompkins and at the park.

Q. It is two blocks away; two blocks away on Myrtle avenue and three blocks on Nostrand; well, people going northerly, if I have got the direction in my mind right, on Nostrand street, intersect Myrtle; is that correct? A. Yes, sir.

Q. Now, is it not a fact that there is a good deal of traffic north-erly on Nostrand that changes on Myrtle to go down town, and has been for years? A. There is not a great deal; they go from the park and Tompkins; there is a transfer station at Tompkins and one at the park on Nostrand avenue, I think.

Q. That does not help the fellow a particle that is riding north-erly on Nostrand? A. No; but we do not want to have transfers every block, or every two blocks.

Q. You think it is not feasible to give the transfer tickets to

the conductors? A. I think it is, but there are others that think it is not; we have not got to that point yet.

Q. You know that course is pursued in many other places? A. Yes; I know it is; I am rather in favor of giving them to the conductors, but we are not alike in thinking, so it has not been fully settled.

Q. Would not you be better satisfied, Mr. Keeney, in the operation of the road if it were so operated that a person could get upon your lines anywhere in the city and ride in one continuous journey down town on one fare by a system of transfers, no matter how many? A. You can come from East New York right straight through to Ferry or Bridge on one fare, and they can come from East New York or Ridgewood and go to Wall street and others now; we keep adding.

Q. You do not answer my question; I ask you now, as a practical man in this business, and I do it without reflecting upon your system at all, if it would not be better, on the whole, to so operate your lines that a person can ride from any part of the city to the bridge or the ferry on one fare? A. They can on most all lines now.

Q. Don't you think it would be better if they could on all of them; now, supposing I live on Nostrand street, and my place of business is down town, half way down on Myrtle avenue? A. Yes.

Q. Ought not I to have the privilege of riding from my home to the place of business on one fare? A. You do; you need not take Myrtle; you can come down Gates avenue or Park avenue.

Q. Supposing I live where I wanted to come down Myrtle avenue; now, you go southerly 12 blocks from Myrtle on Nostrand before you come to a transfer station; assume I live somewhere on Nostrand street between Myrtle and that transfer station, and my place of business is half way down town on Myrtle; my direction to there would be down Nostrand and Myrtle and — A. No; your best route would be from here.

Q. Supposing I am about Tompkins? A. You would only have a block to walk.

Q. What have you got that line for, unless it is to ride on? A. It is a good line; I patronize it more than any other line.

Q. Is there any good reason why I should not have the privilege of riding from Nostrand street down Myrtle avenue to the ferry on one fare; if there is, I would like to know what it is? A. There probably would not be a hundred that would transfer there in a day, and it is quite an expense, transfer offices are; you can walk over to Tompkins, one block, to transfer on one fare.

Q. Do you allow people to go wandering around the city and meeting transfer agents and take tickets from them? A. No, sir.

Q. Supposing I walked out here and met your man on the corner with a handfull of transfer tickets, would he give me one? A. He would not; naturally.

Q. Of course; he must see you get off the cars; what would he do with that man that has been walking down to the city a block and he did not see him get off the car; would he give him a transfer? A. No.

Q. Now, there are a great many places in the city similar in this respect to Nostrand and Myrtle avenue, are there not? A. Yes; there are a number of them; they are under investigation by this committee now, and Nostrand avenue has been talked over several times; we have not got to a point on that thing yet; we do not want to do anything hurriedly.

Q. You are investigating with a view of revising your transfer system, if deemed advisable? A. Yes, sir.

Q. Now, you have been interested in corporations for a good many years, more or less? A. Yes, sir.

Q. In construction companies, and the like? A. Yes, sir.

Q. Do you think the laws of the State of New York ought to permit a corporation organized under the laws of some other State, with \$30,000,000 of capital, that represents but \$4,500,000 cash and property all told, to do business in the State of New York by way of absorbing other railroad corporations and legitimate institutions? A. I think they have a right to go where they choose.

Q. They have a right, but should they? A. The same as a man has a right to go to New York or Philadelphia and buy his goods.

Q. Do you think the laws of the State of New York ought to impose any conditions on foreign corporations doing business in this State? A. Will you repeat that question?

Q. Do you think the laws of the State of New York should impose any conditions upon foreign corporations doing business within this State? A. They should obey the laws.

Q. Should there be any law for them to obey? A. I think so.

Q. Do you believe a foreign corporation ought to be permitted to do business in the State of New York on more favorable terms than a resident company? A. They ought to on the same terms.

Q. I said on more favorable terms? A. They ought to be the same terms.

Q. You know, as a rule, companies organized upon capitalization that is far in excess of the value of the lands, money and tangible assets, meet the same fate that the Long Island Traction Company has met now — as a general rule? A. No; I do not think they do, as a general rule.

Q. Which would you rather have, a share of stock worth 100 cents on the dollar or two shares worth 50 cents on a dollar? A. I should not care which I had.

Q. Which would you prefer, a thousand shares of stock that paid 6 per cent. dividends or 2,000 that paid 3 per cent. dividends? A. There would be no difference.

Q. None whatever? A. None that I can see.

Q. Then this concern would have been worth just as much if it had been capitalized at \$4,500,000? A. Yes.

Q. Then this concern would have been worth just as much? A. Just the same.

Q. Now, what was the object of making it so large and paying so little? A. It left room for it to grow; we thought it would be worth so much some day, and our grandchildren would see it worth 100 cents on a dollar, I suppose.

Q. They are pretty young now? A. Yes; they are pretty young now.

Q. Or else you must change; now, you conclude that the scheme is practically a failure? A. Which scheme?

Q. That the organization of this institution in Virginia, in the way in which it was, because you have approved a plan to reorganize it on one-half of that capital, and in such manner that each share of stock will put into the treasury 50 cents on a dollar and organizing it under the laws of the State of New York? A. Yes; they are boiling it down; some think that way, as you do.

Q. You do because you approved of it? A. Yes, I had just as soon have it that way, or have the milk thin.

Q. Well, a lover of thin milk ought to have a piece of this; I think, Mr. Chairman, unless there are some questions some of the members of the committee desire to ask, that I am through with this witness.

D. H. Valentine, called and sworn, testified:

By Mr. Wade:

Q. You reside where? A. No. 188 Hancock street, Brooklyn.

Q. You have lived in Brooklyn how many years? A. All my life.

Q. What is your business? A. Contracting.

Q. Of what nature? A. Of hydraulic work, generally.

Q. Have you ever been engaged in the construction of railroads? A. Yes, sir.

Q. Surface street railroads? A. Not generally.

Q. To some extent? A. Somewhat.

Q. And steam roads? A. Yes, sir.

Q. How long have you been engaged in that class of business?
A. Between 25 and 30 years.

Q. Are you in any way interested in any of the surface street railroads in Brooklyn? A. Yes, sir.

Q. What road or roads? A. Brooklyn City Railroad, Brooklyn Heights and Long Island Traction.

Q. Are you a stockholder in the Brooklyn City? A. Yes, sir.

Q. Are you a stockholder in the Brooklyn Heights? A. Yes, sir.

Q. And in the Long Island Traction? A. Yes, sir.

Q. How long have you been a stockholder in the Brooklyn City?
A. Several years; I can't remember just exactly how many years; not a great many, but a few years.

Q. Have you held any official position in that company? A. No, not an officer of the company.

Q. Have you been a director? A. Not in the Brooklyn City.

Q. At no time? A. No time.

Q. Can you tell about when you became a stockholder in the Brooklyn City? A. Oh, four or five years ago, I imagine; I can't tell exactly.

Q. Do you know the amount of its capital stock at the time you went in? A. Six million dollars; I think that is it.

Q. And how many times has its capital stock been increased since that time? A. It has been increased; we have got new stock twice, but I think it was all authorized at once.

Q. You know, because your stockholders would be obliged to vote on it? A. Yes; I think they voted to increase the stock from six to twelve, in two installments; that is a matter of memory, and I will not be positive.

Q. From six to nine, and nine to twelve? A. Yes, sir.

Q. About when did they vote to increase from six million to nine million? A. I should think that was three years ago; it might be four; it was when commenced to electrify the road.

Q. What? A. When they arranged to electrify; to change from horse power to electricity.

Q. How much of the new stock did you acquire at that time, of the nine millions? A. I got a thousand shares on each investment as my share.

Q. What was that stock sold for? A. The quotation prices of it is a matter of record.

Q. I mean when they put out the three million new stock? A. I paid par for it; bought it at par.

Q. But your stock in the Brooklyn City at that time was selling where? A. I commenced to buy it at 168 to 178.

Q. It got as high as 300? A. I think not quite 300; I think it sold as high as 275 or perhaps higher.

Q. This \$3,000,000, was that offered to anybody except old stockholders? A. Oh, no.

Q. Were you limited to the amount you might purchase? A. According to the holdings I then held.

Q. What amount of new stocks did you buy on the shares of your old stock? A. I was allotted share for share in the company at six millions, and they authorized twelve, and we got a new share for each old one.

Q. First they authorized three; you would get one share of new for two of old? A. Yes, sir.

Q. So that that stock was put to shareholders at par? A. Yes, sir.

Q. Holding of \$2,000 of the old stock you were permitted to buy 1,000 of the new for \$1,000? A. Yes, sir.

Q. And that became then a part of the whole issue? A. Yes, sir.

Q. Do you remember how that affected the price of the stock on the market — the market price of the stock? A. The market price came down as the new stock was issued, from 275 gradually to 200.

Q. So when you paid the thousand dollars for the new stock it was actually worth two? A. No.

Q. Why not? A. It was practically worth what the market quotation price of it was at that time; I say that is a matter of public record, and I would not undertake to tell you, as I stated; I could not remember.

Q. The market value of the stock was largely above par and for that reason you did not permit it to go outside of the stockholders, or permit one stockholder to buy a greater proportion than another? A. I had an option on the stock for the number of shares I had; I would either take new stock or sell my option.

Q. When was the last increase of capital stock in the Brooklyn City? A. Eighteen hundred and ninety-three, I think.

Q. What time? A. I can not remember the time of the year.

Q. Was it before or after the lease? A. Before the lease; I think it was before the lease.

Q. I think the lease provides it may be increased to twelve? A. Yes; those things that are matters of public record I never undertake to charge my mind with; if I want the information I go and look.

Q. It was some time in 1893? A. Yes.

Q. That is near enough for my purpose; was the same course pursued in issuing that stock? A. Yes.

Q. For what purpose was that stock issued? A. To rebuild and re-equip the road.

Q. Did it do any rebuilding at that time? A. It did to electrify it; yes, sir.

Q. You did not do that, did you? A. They got the money before they commenced to spend it.

Q. Wasn't it operated by electricity prior to 1893? A. I think not.

Q. I thought the first \$3,000,000 was obtained for that purpose? A. The whole of the new capital and new certificates were put out for that purpose, as I understood.

Q. How much was the bonded indebtedness increased for the purpose of electrifying the road? A. I think that was increased \$3,000,000; there is a record of that.

Q. Who would be liable to have that record or know about it? A. The Railroad Commissioners of the State.

Q. At the time of this lease, were you a director of the Brooklyn Heights Company? A. No, sir.

Q. Were you a stockholder? A. I have been a stockholder in the Long Island Traction Company since the first issue; I became entitled to my share of the stock according to my Long Island City Railroad shares; the Long Island Traction Company owns the Brooklyn Heights, and that makes me a stockholder there.

Q. You were not a stockholder of the Brooklyn Heights Com-

pany before that? A. Not before I came into the board of the Long Island Traction Company; then I became a stockholder in the Brooklyn Heights.

Q. In order to become a director in that? A. Yes, sir.

Q. Now, then, Mr. Valentine, were you familiar with the scheme that resulted in the **organization** of the Traction Company? A. Somewhat, as an interested stockholder in the same railroad company.

Q. Under that scheme, how much stock were you permitted to buy in the Long Island Traction Company on one share of your stock in the Brooklyn City? A. I got three shares of Long Island Traction stock for each ten shares of Brooklyn City Railroad stock I had; the Brooklyn City Railroad stock was \$10-shares, and each full share, as we call it, each \$100-share entitled me to three shares of Long Island Traction at \$15.

Q. You got \$300 for one? A. Yes, at its face value.

Q. At \$15? A. Yes.

Q. That was before this last \$3,000,000 was issued? A. I don't know it might have been.

Q. You readily see it was; your Long Island Traction stock would have to be \$36,000,000 on that basis? A. No; the Long Island Traction Company was issued on the \$9,000,000 of the City Railroad stock, but the other increase had been ordered at that time.

Q. So that by that scheme the stockholders of the Brooklyn City Railroad practically acquired the Brooklyn, Queens County and Suburban road and the Brooklyn Heights road? A. Yes, sir; they acquired the Brooklyn Heights road; they took the Brooklyn, Queens County and Suburban road as an investment, afterwards the Long Island Traction Company.

Q. That was part of the scheme? A. I do not think that was part of the scheme as originally contemplated.

Q. The scheme did not involve stopping with that one, did it; it had in view taking in all it acquired? A. I do not think it could have anything in view without taking into account what its directors or officers would do.

Q. You went in on the organization and you became a director of the Long Island Traction Company on its organization? A. No; after the lease was accomplished, when I went in the board of directors; I went in the first part of 1894, I think; the lease had been accomplished and the company was doing business.

Q. Now, the stockholders of the Brooklyn City Railroad Company owned \$27,000,000 of the capital stock of the Long Island Traction Company? A. Yes, sir.

Q. And all the stock of the Brooklyn City? A. Yes, the stockholders of the Brooklyn City did.

Q. And the Long Island Traction Company, as a corporation, owns all the stock of the Brooklyn Heights? A. Yes, sir.

Q. And all the stock of the Brooklyn, Queens County and Suburban? A. It does now; yes, sir.

Q. So that, in effect, the Brooklyn City has swallowed the Brooklyn, Queens County and Suburban road and the Brooklyn Heights; that is true, is it not? A. I do not see that; the Brooklyn City has leased its property to another company.

Q. Leased its road to another company that its stockholders own? A. It was true then, but might not have been so the next day; I could have sold my stock and still been an owner in the Brooklyn City.

Q. It seems they must have had one of two things in contemplation, placing the whole thing within the stockholders of the Brooklyn City Railroad Company operating through the Long Island Traction Company, or it was a scheme to organize the Long Island Traction Company and put out \$3,000,000, and sell it at 40 cents, as some did? A. I can not tell you what was in their mind when they organized; some people would do as you say, and some invest as an investment; I did.

Q. Why did not the Brooklyn City, as a part of this scheme, transfer this stock to the Long Island Traction Company? A. I do not see how that would accomplish anything at all; what practical point is there in it?

Q. I do not know as there is any; there seemed to be a practical point in taking the stock of the Brooklyn, Queens County and

Suburban? A. Yes; matter of a man selling stock in any corporation is his own unfortunate operation.

Q. I understand that; was there any difference in the Brooklyn, Queens County and Suburban? A. They were seeking to lease their company, to get a 10 per cent. dividend, to the Brooklyn City; I did, thinking a guarantee myself of 10 per cent. dividend on my railroad stock—

Q. You could not work out much profit on that; that is practically trying to lift yourself over the fence by your bootstraps? A. I do not see that.

Q. What good does it do you to guarantee yourself 10 per cent. dividends if you have to put it up? A. If I can get another corporation to do it.

Q. There is no other corporation? A. I am in the other corporation; where that other corporation seeks to increase the facilities, and earn more than 10 per cent., I not only get that, but get the earnings of the new company; I think it is something people generally would go into.

Q. Mr. Valentine, did you ever see any good purpose to be served by the Long Island Traction Company, as a corporation, acquiring the stock of the Brooklyn, Queens County and Suburban? A. Yes, sir.

Q. What was it? A. To increase the facilities somewhat of both companies.

Q. Stop there and tell me how that increased the facilities of the Brooklyn, Queens County and Suburban? A. When we took it we were not talking about benefits to the Brooklyn, Queens County and Suburban road; we were talking about benefit to the Long Island Traction Company.

Q. You told me that that would facilitate the purposes of both roads; what advantage was it to the Brooklyn, Queens County and Suburban? A. They got a good price for it.

Q. They didn't get anything; so it was testified here yesterday. A. I can not testify to that.

Q. Don't you know the entire \$2,000,000 of stock was transferred to the Long Island Traction Company for one cold dollar?

A. What I think is, that the stockholders of the Queens County and Suburban road, or the Broadway road, whoever owned that road, got the price they required for it.

Q. If there is anything else than what appears on the surface in that transaction, I wish you would tell? A. I do not know anything about it except what appears on paper.

Q. You are a director of the Long Island Traction Company? A. Yes, sir.

Q. And made that purchase? A. I think that was done before I went onto the board.

Q. You were a stockholder? A. Yes, sir.

Q. Don't you know the arrangement by which you acquired the Brooklyn, Queens County and Suburban stock? A. I have an idea.

Q. What was it? A. It took in the Suburban road as an adjunct of its other lines, for the purpose of realizing a future increase and earning and facilitating the business of the Long Island Traction Company, and its being a means of carrying cars down town.

Q. You have gone on with certain things that operated on the minds of some; I want to know what the transaction was? A. What do you mean?

Q. You purchased the stock of the Brooklyn, Queens County and Suburban road, and you said the stockholders of the Suburban road got what satisfied them for the stock? A. Yes, sir.

Q. That was a contract of bargain and sale, and I would like to know what it was? A. That happened, I think, before I went into the board.

Q. Do you know? A. Only by hearsay.

Q. What is that? A. That the people who owned that road turned the stock of that company to this company for a nominal consideration, in consideration of the investment of a large part of the guaranty funds in the bonds of that company; that is only hearsay.

Q. Do you mean to say that you were informed that the stock-

holders of the Brooklyn, Queens County and Suburban road absolutely surrendered their stock for nothing? A. I call it a sale.

Q. Call it a sale; they came to another corporation and transferred it for nothing? A. I can not see that part of it; the consideration I heard was that by doing so they sold a good lot of bonds they had and got their bonds into the shape of money.

Q. Who owned the bonds? A. The owners of the Brooklyn, Queens County and Suburban road at that time.

Q. The corporation itself had that? A. Yes, sir.

Q. And the moment that that transaction occurred the bonds would fall or stay with the corporation, would they not? A. They must have had the ownership of it to be able to transfer it to this company.

Q. The stock? A. The stock and bonds both.

Q. Did these stockholders own bonds in both roads? A. I presume they did; I do in the Brooklyn City.

Q. I want to know? A. I presume they did; I do not know.

Q. And they sold their bonds and gave their stock with it? A. I presume so.

Q. Is it not a fact there is somewhere something that will disclose that fact just as it occurred? A. I think it is a matter of record.

Q. Where? A. In the records of the company or the State Railroad Commissioners; I think we have had an official report from the State Railroad Commission on all the affairs of the company.

Q. I should think, with all this inclination, the directors of the company would get to know just what had been done? A. I am telling you.

Q. You are not telling much? A. I am trying to tell you what you asked me.

Q. That contract was dated January 16, 1894? A. January 16, 1894.

Q. Yes. A. The contract to take the Brooklyn, Queens County and Suburban Company?

Q. Yes. A. I think that I went into the Long Island Traction board shortly after that time.

Q. Shortly after? A. Yes; at any rate, I am giving you my understanding of it.

Q. Now, then, that transaction; will you read that and then see if you can tell this committee the consideration that was paid for the stocks and bonds of the road?

(Paper handed witness.)

A. What part of this do you want me to read?

Q. You will see that is part of the contract right there.

(Witness shown Exhibit P, in the report of a special committee of the Assembly, appointed to investigate the causes of the strike of the surface railroads in the city of Brooklyn, known as the Friday committee.)

A. There can be no doubt about this; this is an official report, and I would not undertake to contradict it.

Q. I have read this agreement, and I do not see how a stockholder is going to get a sou marque for his stock? A. I presume the stockholders have sold to those people.

Q. This provides that \$3,500,000 of the first mortgage 5 per cent. bonds shall be issued; \$910,000 of those bonds the Traction Company agree to purchase at par (at the price aforesaid, which I think is par), and the Suburban agrees to deposit that with the trust company; then it is mutually agreed that that money shall be applied by the trustees solely and exclusively for the purpose of constructing and equipping an electric road? A. That was, so much of their bonds to equip the very road that they had sold to our company, I imagine.

Q. Now, what became of the balance of them?

By Mr. Stevenson:

Q. All such things have to meet with the — A. Approval of the railroad committee, don't they?

Q. Not the sale of bonds. A. Not the sale of bonds, but the mortgages and so forth, the mortgaging of railroads.

Q. Not at all; the construction of railroads and the organiza-

tion of the railroads has to be passed on by the Railroad Commission, and the Railroad Commission makes a yearly examination into accounts. A. I thought they had to consent to an increase of stock.

Q. They do; but the amount you can mortgage a railroad company for is fixed by the amount of capital stock outstanding? A. When the amount outstanding is increased after all, it is the foundation with the Railroad Commission.

Q. It is its foundation in getting its charter.

By Mr. Wade:

Q. You, as a contractor, are familiar with the cost of the construction of various roads, of different kinds of roads? A. Yes, sir.

Q. You know substantially what it would cost to construct a surface street railroad in Brooklyn? A. Yes; given the size of the iron and the place they went and the situation, I could tell them what I would build it for.

Q. Omitting the item of grading, you could figure it out in a few minutes? A. The item of paving or the distance you would have to haul the iron, near or far, or over miles.

Q. You are quite familiar with this system of railroads in Brooklyn? A. Yes, sir.

Q. Now, what do you think it would cost to construct those roads? A. The roadbed itself?

Q. Yes. A. To take up pavement and equip them properly, probably \$20,000 a mile you could build them for.

Q. How much would it cost to take up and relay the paving? A. It depends on so many considerations; the driving in the street.

Q. This here? A. On Fulton avenue, double the money that it would if you had possession of the street; so many considerations you have to take into account; the cost of it depends entirely on the amount of travel on the street and the number of people to carry when you do it.

Q. Wouldn't you think very well of a contract that would pay you \$20,000 a mile for constructing this road? A. No, sir.

Q. You would not? A. No, sir; I would want you to pick out the distance and I would want to look it over.

Q. You have looked this all over? A. Yes, sir.

Q. A director in the company? A. Yes, sir; but some parts of this system is equipped with one kind of a rail and some with another.

Q. That is merely a matter of expense of material? A. Yes, sir; there is another strong consideration, and that is the limit of time in which you would have to do it; working in a city and under orders of municipal authorities and carrying passengers; I was a stockholder when they electrified it, and I see them do it by day's work; it cost a good deal of money.

Q. It cost more by reason of the fact that you kept the road running? A. Yes, sir; you had to.

Q. That would be inevitable? A. Yes, sir; in reconstructing it.

Q. I can not see how you can put \$20,000 a mile into it? A. It is easy to see, if you figure cost of material and what you would have to pay for labor.

Q. Let's figure on the material; what does the rail cost? A. The rail would cost depending on the style; I do not know what the price is now; somewhere in the neighborhood of \$20 a ton; work, \$1 a foot; ties, 50 cents each.

Q. How many to the mile? A. Twenty-six or twenty-seven hundred.

Q. Twenty-seven hundred? Q. Yes.

Q. Fifty cents apiece? A. Yes; if you have got lots of switches.

Q. Go on; I will call it the seven; what does the binding cost?
A. The binding?

Q. Yes. A. The rail joint?

Q. Yes. A. Depending on the style of joints.

Q. I suppose you got the best here? A. Every fellow that sells any calls his the best.

Q. You got it; what does that cost a mile? A. Something over \$2 a joint here, and the rails are 30 feet long.

Q. Two dollars a joint? A. I think that is it; I wouldn't say definitely without going into it; if you had a piece of road to build I would make you a price on it.

Q. I will send for you if I have; I want to find out about this; you say those cost \$2 a joint? A. Yes; more than that.

Q. That would be \$4 every 30 feet? A. Yes, sir; on each rail; 5,280 feet in a mile and rails 30 feet long.

Q. What do the poles cost; in many places you have no poles; they are strung through the overhead construction? A. If it is iron poles, they cost from \$12 up; I think the last price I remember was \$18 apiece; prices have been fluctuating in two years; I have not been doing any active work since I have been in this company; in price, some of these things have been cut in half, or lower than that; I think those poles one time were \$18 each; and the spacing of them depends on how many corners you turn.

Q. Did you use iron poles exclusively? A. This company uses iron poles wherever it can.

Q. There is no reason why you can not use them anywhere, where you use any? A. Sometimes they have to hook into the elevated structure.

Q. You do not use any then? A. No.

Q. You use iron poles where you can use any pole? A. I believe so.

Q. Are you sufficiently familiar so you can give the cost of overhead construction? A. I would want to look over.

Q. Do you know anything about the feed wire and trolley wire? A. That trolley wires cost 14 cents or less a pound; hard-drawn copper wire.

Q. Which do you think costs the most, the track or the equipment; the track and overhead structure, or the equipment and power? A. It would vary every time; the number of cars would determine right off.

Q. I say here. A. Here I should think the power-houses and equipment and overhead construction cost more than the roadbed.

Q. Do you mean to include the overhead structure with your

track, at \$20,000 a mile? A. No, sir; the paved roadbed in the city, with all the requirements necessary.

Q. You can not get \$20,000 a mile into it if you sat up all night. A. There is some cases you would get a great deal more into it.

Q. Yes; if you cut down some hills and paved some valleys. A. You could do more than that, if you take city orders and wait on municipalities.

Q. Supposing you were to start to-day to construct this system of railroads in the city of Brooklyn; about what would you think the construction of the railroads, including the equipment and power and real estate necessary to operate, about how much would you think it would cost you? A. I would go and get the Railroad Commissioners' report and see how much they spent in building it.

Q. You can not tell from that; you do not believe they spent any \$61,000,000 here? A. What is that?

Q. You do not believe they spent any \$61,000,000 here? A. There is no evidence that they have.

Q. Then you do not believe that they have, do you? A. No, sir.

Q. Do you believe that they spent half of it? A. I believe they spent what the Railroad Commissioners' report shows; they have been rebuilding this road since I was a boy, every few years.

Q. They have been drawing something out of it? A. If they did not get something out of it they would not bother with it.

Q. Do you contend this railroad has cost anything like \$30,000,000? A. I believe this railroad has cost just what that investigation by the commissioners shows there.

Q. What does it show? A. I can not undertake to remember the figures.

Q. Were you a witness in that investigation? A. I don't think I was a witness before that; I know the Railroad Commissioners came here on someone's complaint and made an absolute and technical investigation of this property; they made more of an investigation of it than any one man could do, without an enormous amount of work.

Q. I am going to ask you to look this through and tell us where there is anything that would indicate the cost of it.

(Pamphlet shown witness.)

A. Have I got to go over it all?

Q. I do not think there is anything of the kind in it; I think it takes up the status of the two companies as to the condition existing between them? A. The cost of the road I think would be figured this way, the amount of capital stock paid in at par, its bonds, less the money it has got on hand over and above its liabilities would be the fair cost of a railroad.

Q. You would have to take into account the indebtedness? A. Yes, I say the capital stock and its bonded indebtedness?

Q. That is what I did, and I found out, if you reckon with the three roads, the capital stock of the Long Island Traction Company, that the roads cost you over \$250,000 a mile, eliminating that other 30? A. You are piling cost on cost ever since they went into existence.

Q. I took the report of 1894? A. When these people attempted to electrify this road they changed from a car truck of 2,000 pounds to one weighing four times that much.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

Henry B. Hollins, called and sworn, testified as follows:

By Mr. Wade:

Q. Mr. Hollins, where do you reside? A. Islip, Long Island.

Q. What business are you engaged in? A. Banker.

Q. At what place? A. Wall and Broad street, New York.

Q. How long have you been engaged in business at that place?

A. Six years there.

Q. Islip is where? A. Long Island.

Q. How do you go from you home to your place of business?

A. On the Long Island Railroad.

Q. To what point? A. To Thirty-fourth street, New York.

Q. Are you interested in either of the surface street railroads of Brooklyn as stockholder, director or officer? A. In any of them, you mean?

Q. Yes. A. I can not answer that without looking at my books; my firm might be interested; individually I have no interest.

Q. Are you an officer of either company? A. No.

Q. Or have you been? A. No.

Q. Have you been connected with either company in any way or intimate in any business way? A. In an official capacity?

Q. Yes? A. In relation to the management?

Q. Yes. A. No.

Q. Are you acquainted with the operations of the Long Island Traction Company? A. No.

Q. Did you ever have anything to do with that company? A. I had something to do with the organization of the Long Island Traction Company in finances; I never had anything to do with the government of the road, or the construction.

Q. A syndicate has been spoken of of which you are a member, that acquired the stock of the Brooklyn Heights Railroad? A. H. P. Hollins & Company bought that.

Q. It bought the syndicate? A. There was a syndicate formed to buy the stock of the Brooklyn Heights Railroad Company.

Q. Of whom was the syndicate composed? A. H. P. Hollins and whoever was in that syndicate.

Q. Who was in it? A. That is my business capital; I should not care to give the names of who were in that syndicate; I have no desire to keep anything back from the committee, but that is my capital in business, and I have no right to disclose that — who is in that.

Q. Who first suggested that syndicate to you? A. The idea was my own.

Q. And you were the promoter of the scheme? A. No, not exactly as to the plan that was laid down.

Q. Well, who was? A. I first wished to leave the Brooklyn City Railroad Company —

Q. Before we get to that; somebody had some scheme in their mind in reference to this matter, and I suppose disclosed it to somebody else; now, who was the originator of the idea? A. I was the originator of the idea of leasing the Brooklyn City Railroad Company.

Q. Of whom; whom were you going to have the lessee? A. By a company to be formed.

Q. By a company to be formed? A. Yes, sir.

Q. Now, you conceived the idea that the Brooklyn City Railway system should be leased? A. Yes sir.

Q. For what purpose? A. I believed it to be a profitable investment.

Q. For whom? A. For whoever formed the syndicate.

Q. For the lessor or the lessee? A. I would not care much for the lessor; why, the lessee, of course; I thought there would be a profit in it for the company that we would organize.

Q. Then you started out with a view of forming the company that you were about to incorporate becoming the lessee? A. Yes, sir.

Q. To whom did you disclose that idea? A. I brought it to the notice of the Brooklyn City directors.

Q. The board of directors? A. Yes, sir.

Q. At a meeting? A. At a meeting; yes.

Q. And at that meeting was the plan of organization of the new company discussed? A. Yes.

Q. The place where it should be organized? A. That was left to counsel, I believe.

Q. You had ideas of your own about that, I suppose? A. We discussed it generally; I was only one; I was not a director of the Brooklyn City Railroad Company; I gave my views and there was considerable discussion of the formation of the Long Island Traction Company.

Q. Did you say you were or were not a director? A. I was not a director.

Q. When was this? A. Some time in the autumn, I think, of 1892; the dates, of course, are a matter of reference.

Q. From recollection you think it was in the fall of 1892? A. I think that was it.

Q. Did those negotiations continue for a considerable time? A. Let me think; I think I can give you the correct date; it must have been first in the fall of 1891 when I first took up the negotiations, the original negotiation.

Q. In the fall of 1891? A. I think it was; and then I think they were continued in the spring and winter of 1892.

Q. Until what time? A. For a month or two.

Q. They must have been continued until finally the lease was made? A. Oh, yes.

Q. Refresh your recollection; the lease is dated the 14th of February, 1893? A. Yes; it ran over a period of three or four months.

Q. Then it must have been the fall of 1892? A. Yes.

Q. These negotiations were continued after you conceived the idea? A. Yes, sir.

Q. Up to the time the lease was made by the Brooklyn City to the Brooklyn Heights? A. Yes, sir.

Q. Whose idea was it, leasing to the Brooklyn Heights? A. That was under the advice of counsel.

Q. The Brooklyn City had nothing to do with the Brooklyn Heights? A. No; we required a company to lease the Brooklyn City, and the Heights served that end.

Q. Your original idea was to form a company for the purpose of leasing that company? A. Yes, sir.

Q. Having found one already in existence for the purpose of leasing that, what was the object of the new one? A. Acting under the advice of counsel, we could proceed better under the syndicate.

Q. You could not take the Brooklyn Heights Company into Virginia? A. We could purchase the stock.

Q. Now, what was the necessity of organizing a company to purchase the stock of the Brooklyn Heights? A. I acted under counsel's advice, and I supposed that was the necessity; I was perfectly willing to follow my counsel, and I did so.

Q. You did not go on blindly with this matter, not knowing the scheme or idea that was involved? A. Oh, no.

Q. Your thought was solely of becoming the lessee of the Brooklyn City Railroad Company? A. Yes, sir.

Q. That is quite a company in the city of Brooklyn? A. Yes.

Q. In fact, the most so of any in the city? A. I believe so.

Q. Did you have an idea that you could operate the road as lessee more cheaply than it was operated by the company that was running it, or didn't you consider that question? A. My idea was when electricity was introduced in the city the expense of operation would be very much reduced.

Q. You thought operating an electric road would be cheaper than horse car? A. Very much cheaper; that is not a matter of guess-work; that is a matter of fact; my estimate was on gross earnings of something over \$5,000,000, and 60 per cent. of which is the basis, the per cent. that I thought this road could be operated upon, and I believe can be done, and the net result would be \$2,000,000.

Q. You did not know just where to put that \$2,000,000? A. I did not say that.

Q. On dividends? A. The lessee used up about \$1,600,000 or \$1,700,000, leaving some over.

Q. Supposing no lease had been made, and no new company organized, and the Brooklyn City clearing \$2,000,000 net; why, you wanted to avoid declaring that all into dividends? A. I did not say anything of the kind.

Q. Is not that true? A. No; I was not in the company; I didn't know anything about the Brooklyn City Railroad Company; you are putting ideas in my mouth —

Q. If I put words in your mouth you do not like, spit them out, for I am not going to do your testifying; I want to get at what operated on the minds of the Brooklyn City people; I have not found one yet that seems to have any knowledge. A. I think their idea was that a guarantee of 10 per cent. was a good guarantee for the shareholders, and they said they would recommend that to the shareholders, and at the time the question of forma-

tion was taken up they said, we will recommend this on one condition, and that is, in the formation, the shareholders have the same rights as any of the people who promoted this idea, to subscribe to this new stock at \$15 per share, and that the capital so subscribed shall be put into a guaranty fund which shall be a guaranty for all future time to the Brooklyn City people, that \$4,500,000; the \$4,000,000 was put in there; the other \$500,000 was put aside for expenses attending the formation of the company and all expenses; the balance to be returned to the Long Island Traction Company.

Q. That was what your negotiations and discussions culminated in? A. Exactly.

Q. If your purpose was to make money for the Traction Company, why it had to be taken out of the stockholders of the Brooklyn City, did it not? A. I did not say so.

Q. Is not that true? A. I do not know that it is true; I think the board of directors were responsible to their shareholders.

Q. You went in there and demonstrated to the board of directors of the Brooklyn City Railroad Company that their road was capable of a gross income of \$5,000,000? A. That was my opinion; I stated they did not agree with me; otherwise, they might have wanted to do it themselves.

Q. Did they disagree with you? A. Some did.

Q. You expressed your idea to the board of directors that their plant was capable of earning a net income of \$2,000,000 a year? A. I did not say that.

Q. You stated that to them? A. No; I did not say that; that was my opinion.

Q. Which you kept to yourself there? A. There was no necessity of my saying so at all.

Q. Very well; now, you say the Brooklyn City people required the same basis to subscribe for stock that a promoter might have? A. The directors made it a condition that they should have.

Q. They made it a condition that they should have a right to take up \$27,000,000 of the \$30,000,000? A. Yes, sir.

Q. What was your idea in having the stock of the Brooklyn

Heights purchased and transferred to a syndicate, and then to the new company? A. Because we were obliged to take that risk in the negotiations; if the plan had not gone through, the Brooklyn City Railroad Company would have been the property of H. B. Hollins & Company, who gave their own check for \$150,000 of the stock, with the understanding that if the plan did go through they were to be reimbursed for that advance.

Q. Did you pay \$150,000 in cash for the stock of the Brooklyn Heights railroad? A. That is my recollection.

Q. Did those stockholders agree to take a certain amount of stock in the new company? A. No, sir.

Q. It was left optional with them? A. No, sir.

Q. Could not have any? A. They did not say anything about it; the Brooklyn Heights you are referring to?

Q. Yes? A. They did not say anything about it.

Q. The Brooklyn Heights did not require the privilege of purchasing any stock in the new company? A. They did not make any such condition.

Q. When you transferred this stock to the new company what did the new company pay for it? A. Exactly the same price, whatever that price was; \$150,000 is my recollection.

Q. H. B. Hollins & Co. did not make anything on that transaction? A. Not on that, or any other in the whole plan, except in investments we made with our own money.

Q. Was that what you contemplated? A. I was satisfied; if I had had a commission I would have been glad to have got it; it was not offered and I did not ask for it.

Q. When did this culminate? A. I think in the spring of 1893.

Q. Financiers were not jumping over one another in looking for investments in 1893? A. Up to late in April we had no trouble until in the latter part of April.

Q. Do you think it was closed before that? A. It was practically closed before that, before any panic occurred.

Q. Now, Mr. Hollins, how much of an investment did you secure by this transaction? A. How do you mean; in the syndicate?

Q. Yes. A. There was \$3,000,000 stock which we were allowed to subscribe for jointly with the Guaranty Company or Guaranty Indemnity Company; that was our compensation; on the same basis as anyone else.

Q. That was at the rate of \$15 per share? A. Yes, sir.

Q. Did you do it? A. We were compelled to do it.

Q. Then you did? A. We did it; yes, sir.

Q. So the \$27,000,000 was taken by the Brooklyn City people?
A. That is right.

Q. And \$3,000,000 by the syndicate? A. That is right.

Q. And no outsiders taken in, not on the ground floor, I mean; now, Mr. Hollins, the Traction Company's stock became listed?
A. No, sir.

Q. At no time? A. No, sir; it is not listed to-day; I was always opposed to listing the Traction Company until it developed.

Q. You have what is known over there as unlisted stock? A. You might go there and do it, but that does not follow that the officers of the company desire it or approve it; and the members of the stock exchange will remove it if the officers of the company will write them.

Q. It has been on that unlisted roll having a market there?
A. It was put on there a long while after this company was in existence; from seven to nine months.

Q. Then the stock, after a little, began to move and sales were made? A. I do not know anything about that; do you mean in the unlisted department?

Q. Yes, sir. A. When it was put on there I think it was a year at least after this company started.

Q. That must have been in the spring of 1894? A. I think so.

Q. How high did the stock go? A. Before it was listed?

Q. At any time after it was issued? A. I know of sales in the neighborhood of 50, and I understood it sold at 60.

Q. Do you still retain your stock? A. No.

Q. When did you make the sale? A. I do not think I should answer that.

Q. Well, I don't know, Mr. Hollins. A. I do not see that it is

pertinent at all; I have no objection, but I do not see that it is pertinent at all.

Q. Perhaps it is not; were you the owner of that stock, Mr. Hollins, at the time the Suburban road was taken in? A. I was owner of some stock; yes, sir.

Q. Did you know of that transaction? A. I did.

Q. Were you a part of the syndicate that negotiated it? A. I was.

Q. So you are familiar with all of that transaction? A. I am.

Q. Whose idea was that? A. That idea was first brought to me in the interest of the Brooklyn City Railroad Company by Mr. Lewis.

Q. This whole thing seems to have been done in the interest of that company? A. It was Mr. Lewis' idea that they would be a very formidable competitor of the Brooklyn City system; that the Broadway road was liable to be a very strong competitor.

Q. I wish you would tell us the transaction by which the Trac-tion Company acquired the capital stock and bonds of the Sub-urban road? A. I will tell you partially; you were referring a moment ago to bankers not liking to have securities in the panic of 1893; that was exactly the position; when the Brooklyn City Railroad Company offered to pay \$2,000,00 if they would give up the stock—

Q. What was that? A. The conditions were if they would pay \$2,000,000 for our first mortgage bonds we would give them con-trol of the Broadway road, and to do that we were to give them the stock.

Q. Were you a stockholder? A. I was not myself.

Q. You say we? A. H. B. Hollins & Co. as representing the syndicate.

Q. Were you the owners of the entire stock of the road? A. When we turned it over every share of it.

Q. When you made this negotiation the Brooklyn City people said that they would buy \$2,000,000 of the first mortgage bonds? A. Yes, when issued, and the stock the same way, when issued, and we were to put their stock in, and we did.

Q. At the time the negotiation commenced your firm was actually the owner of some of the stock of the Suburban road?

A. We were under contract to take the stock.

Q. Who was the owner of it? A. Drexel, Morgan & Co.

Q. How did they get it? A. They bought it.

Q. How did they acquire it? A. I have no idea.

Q. How did you acquire it? A. I bought it.

Q. What was done with the \$2,000,000? A. Invested in the \$2,000,000 — what do you mean — that the company sold the bonds for?

Q. Yes. A. It went into the road — into the construction; some of it was taken for the sale of old bonds.

Q. Was any other consideration paid by the Long Island Traction Company for the stock of the road? A. Not for that stock; no.

Q. Then the stockholders gave it away? A. We did not give it away, because we got \$2,000,000 in cash at the time, and cash was worth a great deal of money.

Q. That went right into the road; you didn't get it? A. I did not get it; the road needed it.

Q. The road needed it, and the road followed the stock and went with the stock, did it not? A. If you put it that way.

Q. Is it not a fact your banking institution is a corporation to-day? A. No, sir.

Q. Private bank? A. Yes, sir.

Q. If it were a corporation and I went and bought all your stock I would take with it the corporate entity and the property of the corporation, would I not, if that was all there was of the transaction? A. I do not know what you want; I am willing to answer any questions you put to me.

Q. You acquired or got possession of all the stock of the Suburban road in some manner; I do not care how. A. I paid Drexel, Morgan & Co. for it.

Q. All right; you got it; how much did you pay them for it? A. Something in the neighborhood of four millions and odd dollars; I have forgotten.

Q. When did you get your money back? A. I can answer that very well.

Q. That is what I am getting at. A. I am willing to give you that; the \$2,000,000 first mortgage bonds were sold to the guarantee fund and that was \$2,000,000, leaving something about \$2,000,000, for which we took \$2,000,000 second mortgage bonds.

Q. What were those bonds issued for? A. For purchase of property; for actual property; for actual cost of the property.

Q. I do not see how that could — you were a stockholder? A. I did not care to make a great deal out of it; I got a commission of \$50,000 in bonds, and we were satisfied with that.

Q. I will go back again; Drexel, Morgan & Co. held the stock of this railroad, or some portion of it? A. I have been confusing you by referring to it as the Suburban; there was three roads, and then the Suburban road was afterwards formed.

Q. Well, I have been confused somewhat; I have referred to it; who formed that road? A. We did.

Q. Consolidating what roads? A. The Jamaica and the Broadway and the North Second Street road; Jamaica and Brooklyn instead of Jamaica.

Q. What was the capital stock of the Jamaica? A. I have forgotten.

Q. About what? A. I could not tell you; I can get you the figures; I could not carry the details of the transaction; I do not like to approximate; I can just as well send you a copy of it.

Q. Do you remember what the capital stock of either road was? A. I have forgotten; I can send them to you without any trouble.

Q. Were those three companies put out of existence then? A. They went out of existence; they were purchased by this new company.

Q. Was it a purchase or a consolidation under a new name? A. Purchase.

Q. What was paid? A. For this?

Q. Yes. A. We paid three and one-half millions first mortgage bonds, two and one-half millions second mortgage and two millions common stock.

Q. When you conceived this idea or when someone did, what is now the Suburban road was then three separate, distinct roads?

A. Yes, sir.

Q. And the idea was to incorporate a new company and let that company become the purchaser of the three roads, paying therefor in stock and bonds? A. I believe that was it.

Q. Was any money put up by anyone for the transaction? A. Yes; do you mean did any money pass?

Q. I mean, on the organization of the company, did any considerable amount? A. Do you mean on the organization of the company?

Q. I mean of the Brooklyn, Queens County and Suburban? A. The Brooklyn, Queens County and Suburban purchased that under an appraisal; the whole property of the Broadway road.

Q. How was the capital stock of the Suburban road paid for? A. It was issued under an appraisal.

Q. It was paid for in property entirely? A. Yes, sir.

Q. So no cash was paid on that? A. Paid for in property.

Q. And this was the property? A. Yes, sir.

Q. These three roads? A. Yes.

Q. Now, come back to the question I put a moment ago; then the purchase of those three roads by the Suburban Company was paid for in stock of the company and bonds of the company, was it not? A. Yes.

Q. So that while this thing, in fact, passed through your hands, it was virtually a purchase of the roads by the new company paying to the stockholders in bonds and stock; is not that true? A. Won't you repeat that again?

Q. The Railroad Commissioners' report shows the Jamaica road was \$197,480; the Broadway, \$525,000, and the North Second Street \$100,000, a total of \$822,480? A. They don't put the bonds down there.

Q. No; this is stock; and in the place of that the new company issued \$2,000,000 of stock? A. I have stated exactly what has been done.

Q. Now, the Railroad Commissioners show also the bonds of the

three roads, \$865,000? A. When these other railroads were acquired it also included the estimates for the controlling of the Broadway system, and, of course, those are figures that can be obtained, and I have not here now —

Q. I did not know but you could say these were substantially correct? A. Those figures there?

Q. Yes, sir. A. But that don't include all that was done; the trolleying of the road I do not know what it would cost; I have an idea it runs up into the millions somewhere; it is hardly fair to say that all those securities were issued simply to take up those bonds.

Q. That is not what I said; I spoke of taking the place of the capital stock of those three? A. That is not hardly fair; for these were figures sufficient to electrify the road —

By Mr. Gleason:

Q. You issued a blanket mortgage on all three roads? A. That is all a matter of record.

Q. You did as you do ordinarily, issued a blanket mortgage and provided a certain amount of bonds should be held in escrow by the trustees, to be held for these old bonds when brought in? A. Certainly.

Q. And the balance to be used for improvements, and so forth? A. Certainly.

By Mr. Wade:

Q. I want to know what the stockholders of those three roads got for their stock, if anything? A. I say I can not remember exactly the figures.

Q. They got something? A. Well, rather; I told you a little while ago it was something between four and five million dollars.

Q. Now, it was obtained by issuing stock and bonds secured by a mortgage upon that identical property, was it not? A. I think that was the way it was done.

Q. And I want to know what the Long Island Traction Com-
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pany, as a corporation, paid for those \$2,000,000 of stock? A. They did not pay anything; one dollar, I believe, was the consideration.

Q. Yes, that was the consideration; you regarded the bonds that it took as worth par? A. I did, and I am justified to-day by the price of 110.

Q. How much did you pay for the bonds? A. They paid par for them.

Q. And is it true that the scheme was to reorganize these three companies that the Traction Company could own the stock of the new company which took in the three without paying any money for it? A. I did not say so; I don't know anything about that.

Q. I ask you if that is so; you seem to have been the person — A. I say I do not call it a scheme.

Q. I do not mean anything obnoxious by the term 'scheme'? A. I know that; I have stated the scheme in every detail, and I can not see that I can add anything to it.

Q. You can say yes or no, or you don't know? A. I am not going to say I don't know, when I might later understand exactly what you want.

Q. If you do not understand my inquiry I will repeat it. A. I wish you would.

Q. Was it a part of your idea that when these three companies, the Broadway, Jamaica and North Second street went into one company, the Suburban, that the Traction Company should acquire alone the stock of the Suburban without paying anything for it? A. I think I can straighten that; when the negotiation was first up for the Broadway road we were asked by the lessee to stand in the breach and pay a certain sum of money on account, pending the time when the Brooklyn City directors would like to acquire the property; we supposed at the time that that was a very desirable acquisition for them, and when the panic came on, like a great many other directors, they did not want to take on any obligations and the matter dropped, and the result was finally the formation of this company which I have described to you, and eventually negotiations for the purchase of this com-

pany and their final purchase of this company on the terms which I have stated.

Q. Of course, all that, Mr. Hollins, you have stated before; the result of it was this, was it not, to put into the hands or possession of the Traction Company \$2,000,000 of stock of the Suburban road without an expenditure of a dollar for it by the Traction Company? A. Yes, that's right.

Q. Now, was that the intention when the scheme originated of forming the Suburban Company? A. I have explained that.

Q. Did that operate on your mind? A. It was always my desire that they go into the hands of the Long Island Traction Company.

Q. I do not care about that; was it the thing that operated on your mind to get the stock of that company into the hands or possession of the Traction Company without the expenditure of any money for it by the Traction Company? A. I answered that, I think, that part of it.

Q. You decline to answer further? A. No, I did not say that; I do not think I can add anything to it; I want to give you all the information I can, but I do not want to be confusing.

Q. If I have confused that or have not stated it correctly, say so. A. I tried to make the statement here so clear as to cover that, and I do not see how I can add.

Q. I can see the result; I seem to have sized that up; the result was to put it into the possession of that company without paying one dollar for it? A. I was glad to do it.

Q. Did you start out with that intent? A. I told you the original idea was that it should go to the Brooklyn City Railroad Company, which was the Traction Company at the time.

Q. Now, all these negotiations have been conducted and carried only the Central Company or parental company organized in Virginia, and its acquirement of the stock of the Brooklyn Heights and Suburban for the benefit of the Brooklyn City stockholders? A. How is that?

Q. Is not that so; the whole thing has been done for the benefit

of the Brooklyn City? A. I do not think you stated it exactly as it occurred.

Q. Tell me who, outside of the syndicate and the Brooklyn City people have ever acquired a particle of benefit out of it? A. The Brooklyn Heights Railway people, you might say, have acquired some benefit out of it.

Q. Do you mean by the 75 cents on the dollar? A. They sold their stock.

Q. Was it not worth that? A. I don't know about that.

Q. Did you know that the treasurer of the company in the year 1894 made a report and affidavit that the actual value of the stock was 75 cents on a dollar? A. No, I did not know that.

Q. Well, he did. A. I was going to say the Brooklyn City shareholders received a benefit in the opinion of their directors in their income being increased by the 10 per cent. paid.

Q. That is the Brooklyn City people? A. Yes, sir.

Q. I can see where they are benefited all around. A. Yes, sir.

Q. But I wanted to know how some one who came in on the market and bought the Traction Company's stock is to get any benefit out of it? A. They paid \$15 a share and sold it for \$50.

Q. I am talking about the market. A. I did not have anything to do with the market; I did not organize the market.

Q. I know it, but you seem to have organized some material for it? A. Oh, well, that might happen any time.

Q. Mr. Hollins, in the consolidation of these three companies, the small companies into the Suburban road, the stock was paid for, that is, the stock in the smaller companies purchased by you? A. I was under contract with Drexel, Morgan & Company to buy all the shares.

Q. So those stockholders sold at such price as was agreed upon all around? A. Yes, sir.

Q. What did Drexel, Morgan & Company get out of it? A. I don't know, I am sure.

Q. Did they turn it over to you at the same price they purchased it at? A. I don't know anything about it; it is not their usual custom.

Q. I thought inasmuch as you purchased it for them and then purchased it of them — A. I did not purchase it for them.

Q. I thought you said you purchased it for them? A. No.

Q. You said you were under contract to purchase it for them? A. No; from them.

Q. So you do not know the price they paid? A. No, sir.

Q. You were under contract to purchase it from them with somebody; were Drexel, Morgan & Co., under contract to purchase it for you? A. No, sir.

Q. You had nothing to do with their purchase? A. No, sir.

Q. In no way? A. No way.

Q. What was your idea, Mr. Hollins, in organizing the Traction Company in the State of Virginia? A. We were advised by counsel that that was advisable.

Q. Why? A. I do not think the laws of the State of New York were as liberal as now.

Q. It was simply because you could carry out your scheme better under the laws of the State of Virginia? A. The laws of the State were not as liberal as now; I see under the reorganization they are going to carry it out under the laws of the State.

Q. Going to reduce the stock? A. Yes, sir.

Q. What was your idea of making it thirty millions? A. Based on the earning capacity.

Q. Earning capacity of what? A. Gross earnings, \$5,000,000, of the Brooklyn City Railroad.

Q. Did you ever figure out what sort of a dividend would have to be declared on the Brooklyn Heights stock and Brooklyn City to give you a five per cent. on the Traction Company? A. No; I don't think I figured that out exactly.

Q. There was only \$2,000,000 capital stock of those two companies; the only source of revenue of the Traction Company is by dividends on that stock, or speculation? A. Pardon me — the source of revenue of the Long Island Traction Company should be derived from the properties they leased.

Q. They did not lease any? A. Yes, they did; the Heights Company.

Q. The Long Island Company did that; how are you going to get that into the hands of the Brooklyn Traction Company? A. I suppose you had better consult counsel if there is any doubt about it.

Q. The Heights Railroad Company is operating the Brooklyn City; it had a net earning in the year of 1895 of \$2,000,000; it has put into dividends — it has got to be declared in dividends on \$200,000 capital stock, because that is the entire capital stock of the Brooklyn Heights Railroad Company? A. I do not know that is so.

Q. Assuming that is the amount of stock, there is no other way of getting it into the hands of the Traction Company, is there, that you know of, Mr. Hollins; the Traction Company stands there precisely as an individual stockholder? A. They own the property; they own the stock of the Heights Railway Company, which would enable them to make the lease, as I understood it.

Q. No; to-day the Traction Company owns the stock of the Heights Railroad Company? A. Yes, sir.

Q. The Heights Railroad Company has its organization distinct and complete and separate from the Traction Company and is operating its road through its officers, and not the officers of the Traction Company? A. I do not know anything about it.

Q. That is what they testified to? A. Then we will assume that is true; I have not followed it.

Q. Now, if that is so, there is no way to get the earnings of the lease lines into the Traction Company except by dividends on the stock of the Brooklyn Heights Company, is there, that you know of? A. You have stated it, I believe.

Q. Is that correct? A. I don't know; you have stated it.

Q. If you object to my form of question, it won't take but a minute to put it differently; do you know of any other way by which the Traction Company can acquire anything from the earnings of either of these roads except by dividends declared on the stock of the Brooklyn Railroad Company and the stock of the Suburban Railroad Company? A. I would have to be a law-

yer to answer that; I don't know; there may be half a dozen different ways.

Q. You are promoting enterprises of this character as part of your business? A. Yes, sir.

Q. And are pretty well up on the corporation laws of the State? A. Not as well as I would like to be.

Q. You have had some experience in declaring dividends, haven't you? A. Yes, sir.

Q. And receiving them? A. Yes, sir.

Q. And you know, as a business man, that the stockholders— A. I will answer the question with pleasure, if my counsel will simply let me know I can answer that way.

Q. I am going to have him on the stand by and by. A. All right, then; why don't you ask him the question?

Q. There has been more laid to lawyers up to the present time than I ever heard before. A. If he can advise me on that; I do not want to make a mistake.

Q. I will let him answer the question if you will ratify it after that. A. I will with pleasure.

Q. Mr. Auerbach, I want to know if there is any way the stockholder can acquire any more except by way of dividends, irrespective of the contract he may have entered into with the Company?

Mr. Auerbach.—I will refer you to the contract that was entered into with the company at the time it was put into a guaranty as to the disposition of the earnings of the Brooklyn Heights, over and above a certain reserve of the contract.

Q. Do you know anything about that? A. Yes; I think you had better have that.

Q. Will you give it to me? A. My counsel will give it to you.

Q. I want you to tell us what it was? A. It was so long ago I can not do that, but I will give it to you.

Q. The Traction Company entered into a contract with the Brooklyn Heights Company relating to what subject? A. The leasing of it; put that again.

Q. Your counsel has stated something about a contract that

the Traction Company entered into with the Brooklyn Heights Company? A. Yes, sir.

Q. I want to know what it was. A. I will get you a copy.

Q. Tell me what it related to. A. I would rather give you a copy of the contract; it is so long ago.

Q. Mr. Hollins, when you got this machinery running in operation, wasn't it a little bewildering to look at it while it moved? A. I did not have anything to do with the management of the property; I would liked to have seen Mr. Lewis given more assistance; he was doing the work of about ten men.

Q. I am not talking about Mr. Lewis; I am not doubting his willingness to do the work of a dozen men; but here is a machine that you seemed to be the patentee of. A. I had nothing to do with anything but the financiering; there was the raising of the \$4,000,000.

Q. I have not been able to find anyone that could tell anything about how this thing moved after it was started? A. They never gave me any information, and I had had nothing to do with the management; when the company got in difficulties last summer they came to me and I raised a million and a half dollars to help them out.

Mr. Wade.— This is the contract you referred to, Mr. Auerbach, page 654 of the Friday investigation

Mr. Auerbach.— Yes, sir.

Q. Mr. Hollins, here is a contract or copy of a contract printed on pages 654, 655 and 656, of the proceedings of an investigating committee last winter, which Mr. Auerbach advises me is the contract which he referred to; while you are upon the witness' stand I will ask you if you recognize that as the contract?

(Book purporting to be a report of an Assembly committee on strike of the surface railroads of Brooklyn, dated, the 8th day of April, 1865, shown witness.)

A. Yes, sir; that's the contract.

Q. Now, Mr. Hollins, by the terms of that agreement the Long Island Traction Company agreed to put up an indemnity of four millions of dollars as an indemnity fund guaranteeing the per-

formance of the Brooklyn Heights Railroad Company, its covenants in the lease? A. Yes, sir.

Q. You understood that? A. Yes.

Q. And that absorbs substantially all of the money that was paid into the Traction Company from the sale of the stock of the company? A. With the exception of \$500,000.

Q. Yes., A. Yes.

Q. It absorbed eight-ninths of it? A. Yes, sir; practically all of it.

Q. The agreement further provides that after discharging its obligations, that is, the Brooklyn Heights Company, and the paying of the 10 per cent. rental upon the capital stock for the Brooklyn Heights Railroad, that the balance of the receipts shall be the property of the Traction Company; you understood that? A. I believe so; the contract speaks for itself; I was familiar with the contract.

Q. So that was a 10 per centum on \$200,000; what was the capital stock of the Brooklyn Heights; you remember that, don't you? A. I remember the contract; yes.

Q. You have stated, I think, the \$27,000,000 of the Traction Company was taken by the Brooklyn City stockholders? A. Yes.

Q. And \$3,000,000 by yourself? A. By the syndicate.

Q. Now, is it not a fact that that contract was put in that shape for the purpose of getting back into the hands of the stockholders earnings of the road, without its going to them in the form of a dividend? A. I do not know that.

Q. Is it not perfectly apparent? A. If it is apparent, it is apparent, but I do not know that it is so.

Q. If I had been mixed up in this affair as you have, I would have my notion? A. The contract speaks for itself.

Q. And sometimes you and I know there is more written between the lines than is written in the contract? A. I did not write the contract.

Q. All right; did they have a similar contract with the Suburban road? A. No, I don't think they did.

Q. Does the Traction Company have any contract with the Suburban road regarding the operations of that road? A. I think they are only the owners of it through the acquirement of the \$2,000,000 of stock.

Q. You know individuals have to retain enough of the stock to maintain its organization in the Suburban? A. The Long Island Traction Company, I suppose, attends to that; the stock belongs to the Long Island Traction Company.

Q. The Long Island Traction Company as a corporation can not be president, vice-president, treasurer and so forth? A. They retain sufficient, I suppose—

Q. You understand the Suburban road runs by itself? A. Yes, sir.

Q. Now, what becomes of its net earnings, if it has any? A. It would go to the Long Island Traction Company.

Q. But what prices—prices? A. I do not know; they are able to take care of themselves; it has not come to that point yet; it has not had time enough.

Q. I mean by way of dividends or by way of a contract, if you know? A. I don't know anything about it.

Q. At the time you conceived the idea of leasing the Brooklyn City road, Mr. Hollins, were you interested in business with any of its officers or directors? A. No, sir.

Q. Did you know any of them? A. I met them then for the first time.

Q. How was your attention directed to this subject? A. By a Mr. Wendell Goodwin.

Q. Who was he in connection with this business? A. He dropped out of it afterwards; he called my attention to it first.

Q. Was he at that time interested in it? A. No; he was doing business in New York; he was not interested in the company at all; he simply spoke of it as a good piece of railroad property and I looked it up and I thought it was.

Q. Then you started in entirely on your own account? A. Entirely.

Q. Without having any interest to serve except a business venture? A. That is all.

Q. Who did you first interest with you? A. I put my own money in the first one.

Q. What? A. I put my own money in.

Q. Someone became interested with you? A. We were obliged to guarantee the amount, to underwrite the whole four millions of stock, the New York Guaranty and I jointly, had to underwrite that; and it was for underwriting that we were allowed to purchase the three millions the same as the shareholders.

Q. You had to guarantee it? A. Yes, sir.

Q. How did you interest this guarantee company? A. It was a matter of very good business.

Q. By disclosing your scheme to them? A. They wanted the business and they came to me and asked me to join in it, and they were anxious to be trustees of the various securities, and afterwards came the question of underwriting and they joined me in that.

Q. Out of the entire enterprise, you took \$50,000 of the first mortgage bonds of the Suburban Company? A. No; I got no commission at all in the Long Island Traction matter.

Q. I misunderstood you. A. Afterwards I received a commission of \$50,000 of the second mortgage bonds of the Suburban.

Q. That was for another thing? A. Yes, sir; long after the Long Island Traction Company was formed; I never received anything from them.

Q. So, out of the first idea you received nothing? A. Except the privilege of buying the stock at \$15 a share, and I considered it a great privilege.

Q. You have got the privilege of doing it less than that now? A. That is optional; but if we had not had the panic the whole thing would have worked out.

Q. Do you think the panic has seriously interfered with the receipts of the road? A. There is no question about that.

Q. You feel certain about it? A. Certainly all transportation

has suffered; same thing; I think there was nine traction companies were in the same condition as this, and eight of the nine are paying dividends.

Q. As we come out of the panic in a little clearer light, your traction company has plunged in? A. Don't call it my traction company, for I never had anything to do with the Traction Company.

Q. I will say Mr. Auerbach's traction company; it went up; you know the fact that it is financially embarrassed and in the hands of a receiver? A. I believe so.

Q. And a call made for each shareholder to pay \$10 a share? A. Yes, sir.

Q. And on that basis to surrender one share of his stock? A. Yes, sir; I believe so.

Q. And on that, reducing the capital stock one-half? A. I believe so.

Q. Have you had anything to do with that? A. No, sir.

Q. Do you know where this \$10 is to be paid? A. I have not followed that.

Q. Is it not at your banking-house? A. No, sir; we have nothing whatever to do with it.

Q. Do you regard this thing, from its inception down to the present time, as purely a legitimate enterprise? A. Absolutely.

Q. You think individuals in the State of New York can legitimately go off into another State, where a corporation can be organized with any amount of capital stock their fancy may dictate, and that stock issued without any investment, and come into the State of New York and embark in business; do you think that would be right; I do not mean to say that it is criminal, but do you think it is good business policy? A. I am not answering any questions of that kind; I will give you any information you want directly connected with this enterprise; when you ask for my individual opinion, it is like a lawyer's, it is worth something, and like them, I propose to keep it.

Q. This committee wants to make some recommendations? A. I will help the committee to anything I can; but when I am on the

witness stand, as these things are all going into print — I am willing to sit down and give the committee informally my opinion; I am willing to give them anything I can.

Q. That is what I want. A. But not here.

Q. Let me talk long enough to get a question propounded; this entire transaction you have been through with from the start to finish? A. That is not so.

Q. You conceived the idea and stayed with it until it was organized? A. Yes; and then my duties ended.

Q. I will call that the finish; it is finished so far as the question I put to you is concerned; that some gentlemen, residents of the State of New York, go into the State of Virginia and organize a company with \$30,000,000 of capital, all of which is issued on the payment of \$4,500,000, and come back into the State of New York with their corporation organized, locating its principal office in the State of New York, calling its stockholders to meet in the State of New York, and perform the corporate acts of the company; putting or allowing the stock to go upon the market; putting all its tangible assets up as collateral security for the performance of the agreements of another corporation; do you think that is a legitimate enterprise for gentlemen to embark in? A. That you can answer yourself; I shall not answer it that way.

Q. What? A. I think, as you put it, you have got a great many precedents; if you have looked it up, I think there is 200 or 300 foreign corporations organized here in the last year or so, doing business in the State of New York.

Q. I know that. A. And very reputable people, too.

Q. I do not put this as reflecting on you or any gentleman associating with you in the least; the law permits it, and I ask if you think that ought to be? A. I do not know anything about the law; if I was advised by counsel that it was a proper thing to do, I would be perfectly willing to do it.

Q. You would, as far as legal advice is concerned? A. Yes.

Q. You do not wish to say whether you think that is legitimate or not? A. I do not think it is a proper question.

Q. And for that reason you do not want to answer it? A. I do not say that; I do not think it has any bearing on the case.

Q. You do not seem to want to answer it? A. I should simply act under the advice of counsel; I should not go and do it myself without the advice of counsel; under the advice of counsel I should be perfectly willing to do it; I think that answers it.

Q. Do you think the laws of the State should allow you to embark in that? A. I did not make the laws.

Q. I know that; just a moment, please; that question is simple, is it not? A. I had a great deal rather the tax should be paid here.

Q. Don't you think the law should exercise a reasonable control over all corporations doing business within the State of New York? A. I do; there is no question about that.

Q. And don't you think, in the exercise of that reasonable control, it ought to prohibit such a concern as the Long Island Traction Company coming into the State and doing what it did? A. No; I don't think so.

Q. You would not frame the law so that a foreign corporation could come into the State and do what a domestic corporation could not do? A. I am not a lawyer; I should like to see my native State receive the benefit of all taxes, instead of seeing a foreign State receive it; I think that answers it.

Q. No; that does not come any nearer answering the question than your Traction Company does of becoming a successful institution; I ask you if you believe the State of New York should allow a foreign corporation to do within the State of New York what it will not permit a domestic corporation to do? A. I do not know.

Q. Do you know of any reason why the State should discriminate against domestic corporations? A. I don't know.

Q. Who is John H. Scovill? A. Our cashier.

Q. And Thomas S. Smith? A. He was one of our order clerks?

Q. In your bank? A. Yes, sir.

Q. William H. White, who was he? A. I don't know him; a Brooklyn man, I think.

Q. He is a Virginia man, I think; an acknowledgment is taken and Mr. White, Mr. Young and Mr. Garnett — did you ever meet them? A. No; I met some of them; what Young is that?

Q. William A. Young; I judge that because their acknowledgment is taken in the State of Virginia? A. I do not know.

Q. George W. Young, do you know who he is? A. Yes; I believe he is president of the United States Mortgage and Trust Company.

Q. I want you to give the corporate name of that guaranty company that was associated with you? A. New York Guaranty and Indemnity Company.

Q. Who was the president of that company? A. Mr. W. G. Oakman.

Q. Did he personally take part in that transaction with you? A. No, sir; I think at that time there was other officers of the company.

Q. What person in the Guaranty Company? A. It was with Mr. Trumbell, was the man, acting as one of the vice-presidents; he had all the details to work out.

Q. What other concern was associated with you? A. No others.

Q. Who were the persons composing the syndicate? A. We stood there as underwriters; I could not give the names without being a breach of faith; if we undertake an enterprise, if it is a success we get credit for it; as to giving the names of the underwriters it is a subject that is an unwritten law that we never do.

Q. Excuse me a moment, but on your return I shall ask you to state to the committee who were associated with you in that syndicate, and if you care to see some of them in advance you can do so? A. I do not know whether they are here or not; most people are out of town, but I will see, and if I can.

Q. I shall ask that question, and insist on your answering or declining; I do not care to do it until you decide whether to take one position or the other and act as you are advised upon it.

W. H. Bogardus, recalled, testified:

By Mr. Wade:

Q. You were subpoenaed to produce here certain books, were you not? A. Yes, sir.

Q. Have you the books where they can be produced? A. No, sir; I have not.

Q. Where are they? A. In the custody of the proper officials.

Q. Who are the proper officials? A. The receiver of the Long Island Traction Company and the secretary of the Brooklyn Heights Railroad Company have all the custody of those books.

Q. So you have no books or papers in your custody or under your control? A. No, sir.

Q. Have you sought permission to produce them from the receiver? A. No, sir; I spoke to the receiver in relation to it, and he told me he had considered the matter and I think has talked with some of the committee, and he said that he would retain possession of it.

By Chairman Nixon:

Q. Who was this? A. The receiver of the Long Island Traction Company.

By Mr. Wade:

Q. He would not permit you to produce them? A. He did not permit me to produce them; he served me with a notice and demanded the books and papers of the Long Island Traction Company when he was appointed receiver, and I turned them over to him.

Q. Who succeeded you in the Brooklyn Heights Railroad? A. Timothy S. Williams; it would be a physical impossibility to bring all the books of the Brooklyn Heights Railroad Company; I have no doubt Mr. Williams would produce any books or papers you want.

Q. It would not be as difficult to produce the books of the Long Island Traction Company? A. The books of the Long Island

Traction Company would be very small in number, and would be quite easy to produce if the receiver was here to do it.

Q. When did he go away? A. I can not answer.

Q. When did you last see him? A. The 26th or 27th of June; I know it was after I received a subpoena; I notified him; he said, "You have not got the custody of the books," and I said, "I have not, of course not;" he told me he was going out of town to be gone some days.

Q. Have you any information as to his whereabouts? A. I have not; no, sir; he told me at the time he was going to Massachusetts, if I recollect distinctly; he did not state what part of Massachusetts nor when he would be back.

Q. He did not give you any information of the time he would return? A. Yes, sir.

By Chairman Nixon:

Q. Is that Mr. Morse, Mr. Wade?

Mr. Wade.—Yes, sir.

Mr. Nixon.—Mr. Morse has been subpoenaed, Mr. Wade, and will come when he is notified, I understand.

Thomas H. Smith, recalled and sworn, testified:

By Mr. Wade:

Q. You reside in Brooklyn? A. I do.

Q. Your business is what? A. Secretary and treasurer of the Brooklyn City Railroad Company.

Q. How long have you occupied that position? A. Since March 8, 1894.

Q. Who was your predecessor? A. W. A. H. Bogardus.

Q. Are you also a stockholder in that company? A. I am.

Q. Extensively so? A. One thousand shares.

Q. The duties of the office since the lease, I suppose, have been much less than they were prior to that? A. Almost nominal.

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Q. Let's see; the amount of shares in that company is \$10 a share? A. They are.

Q. So your holding is \$10,000? A. Yes, sir.

Q. And you one of the directors, also? A. No.

Q. Do you keep the minutes of its directors' meetings? A. I do.

Q. And are familiar with the transactions of the board? A. I am.

Q. While in session? A. Yes, sir.

Q. And of the stockholders? A. Yes, sir.

Q. In 1894, what source of income did the company have? A. Rental from Brooklyn Heights Railroad Company.

Q. And no other? A. And no other, except a premium upon the sale of some bonds that we had.

Q. What bonds were those? A. Bonds taken on the default of the Brooklyn Heights Railroad Company for rental.

Q. How many; how much in quantity? A. Two hundred and thirty-three thousand dollars, par value; we took them at $107\frac{1}{2}$, which made it \$250,000.

Q. And sold them to whom? A. We sold them through the million company for $110\frac{1}{2}$.

Q. Sold them through what? A. Through the million company.

Q. Were those same bonds referred to this forenoon as having been acquired by the Long Island Traction Company at some time? A. A portion of them.

Q. They were the bonds of what company? A. Of the Brooklyn City Railroad Company.

Q. Bonds of the Brooklyn City? A. Yes; if you will let me explain it will make it clear; there were at $107\frac{1}{2}$ \$2,000,000 put in the guaranty fund, purchased by the Long Island Traction Company; under the terms of the lease they were permitted to draw from the guaranty fund if the Brooklyn Heights Company did not make its rental, and when the default came the Brooklyn Heights Company took advantage of this provision and withdrew \$233,000 par value; those bonds were sold at a premium, and that is the only other source of income that we had.

Q. Where did the Long Island Traction Company get the bonds which it acquired? A. Purchased them.

Q. What bonds? A. Brooklyn City Railroad bonds.

Q. Of whom? A. Of the Brooklyn City Railroad Company.

Q. Were they part of these same bonds? A. These bonds were a part of them.

Q. How much did the Long Island Traction Company acquire from the Brooklyn City? A. Aggregating \$2,000,000.

Q. That was what you meant as put into this guaranty fund? A. Yes, sir; instead of having the guaranty fund in cash, the guaranty company had \$2,000,000 in cash and took \$2,000,000 of Brooklyn City bonds, which we were about to issue for the purposes of conversion.

Q. And were put in as cash into the guaranty? A. Yes, sir; it was originally all cash, and instead of continuing the guaranty in cash they purchased the bonds of our road at 107½.

Q. And did the other half go into the hands of the Brooklyn, Queens County and Suburban road? A. They did; yes, sir.

Q. Those bonds went into the guaranty company? A. They did.

Q. Now, when there was a default in rental, you withdrew \$233,000 par value? A. The Brooklyn Heights Company did and paid it to us.

Q. At that price? A. At 107½.

Q. And you sold it at a premium? A. At a premium.

Q. When was that default made? A. I think it was June 25, 1894.

Q. The default was made then? A. Yes, sir.

Q. So that the Traction Company lost of its assets at that time \$250,000? A. Yes, sir.

Q. In aiding the Brooklyn Heights? A. It did.

Q. Has there been any default since then? A. No, sir.

Q. No more of the bonds have been withdrawn? A. No, sir; they can not be withdrawn any more; that is the limit of their lease.

Q. They withdrew all they had a right to? A. Yes, sir.

Q. So the only source of income now of the Brooklyn City Railroad is the rental? A. That is all.

Q. What dividends has the company declared this year? A. Up to the present; do you mean the calendar year?

Q. Yes. A. Five per cent.

Q. The first one when? A. For the quarter ending March 31st.

Q. The second one? A. I will correct myself; we have not declared it, but we will for the quarter ending June 30th.

Q. Did they declare another dividend out of the surplus? A. No.

Q. Do you know something about the loaning of \$630,000 to the Long Island Traction Company by the Brooklyn Heights Company? A. Yes, sir.

Q. Was that loan made in cash or its equivalent? A. Partly in cash and partly in equivalent.

Q. What was the equivalent? A. The equivalent was — we should have sold our real estate and given them the cash with which to extend their line; we deemed it inadvisable to dispose of the real estate at the time and retained it, and let the Heights use it instead.

Q. That is, retained the money? A. Yes, sir.

Q. Some fuss has been created about that amongst your stockholders? A. Not that I know of.

Q. Some complaint made? A. Not that I know of.

Q. Don't you know the company has been threatened with litigation in consequence of that? A. No; I understand it differently; I understand the litigation was created by a thought on the part of a stockholder that the Brooklyn City Company was about to return the guaranty fund to the Brooklyn Heights Company.

Q. Didn't you withdraw this \$630,000 cash and take up the notes? A. No, not at that time.

Q. Subsequently? A. We have recently, but not on that account.

Q. And received the money on it? A. Yes, sir.

Q. That money was taken out of the surplus of the company,

wasn't it? A. No; we had certain real estate which, under the terms of the lease, we were bound to sell and give the money to the Brooklyn Heights Company under the contract; there was no market for this real estate except at a greatly depreciated price, and in preference to sacrificing the property we borrowed the money.

Q. You borrowed it and loaned it to the Brooklyn Heights Company? A. Yes, sir; taking the real estate, which was 200 per cent. more than the amount we loaned to the Brooklyn Heights Company, as collateral.

Q. You were connected with the Brooklyn Heights Railroad Company? A. As assistant secretary and treasurer, but the duties of that were nearly clerical and nominal; I was elected simply to fill, in the absence of the regular secretary and treasurer, to fill in checks.

Q. Were you a stockholder of the company? A. Never.

Q. Have no pecuniary interest in it whatever? A. None whatever.

Q. Do you remember making out the capital stock statement last fall? A. I was not in the company last fall, if my memory serves me right.

Q. I think you made the statement? A. Possibly I did; I do not remember exactly when I resigned; in 1894 I was not, positively; I was not in the Brooklyn Heights Company in 1894; I think I resigned in 1893, in the latter part of 1893.

Q. Yes, it was Mr. Bogardus in 1894, and you in 1893? A. I thought so.

Q. Verified in 1894, January 15th; now, I wanted to know where you got your idea of the value of the capital stock? A. Of the Brooklyn City Railroad Company?

Q. No, sir; of the Brooklyn Heights? A. Of the Brooklyn Heights?

Q. Yes, sir. A. I presume I got it from consultation with those who knew its value.

Q. Who were they? A. I should judge my fellow officers and directors.

Q. Have you any recollection about it? A. No; I have not.

Q. Do you remember the fact that you verified the affidavits stating the actual value of the stock at \$10 per share in 1893? A. If you say about the \$10 per share I got it from the year previous; I took that version from the year previous, the quotations that had been on the stock since the company had been in existence.

Q. Ten dollars a share? A. Yes, sir.

Q. During the last year of its business did it do anything that materially increased the value of its capital stock? A. I could not say.

Q. That you know of? A. I could not say; I am not intimately acquainted with any of the work of the Brooklyn Heights Railroad Company.

Q. You are one of the persons that assented to the lease of this company? A. Yes, sir.

Q. Of the Brooklyn City Railroad Company? A. Yes, sir.

Q. You knew what the entire scheme involved, did you not? A. I knew that the Brooklyn City Company would be leased to the Brooklyn Heights Company, and would get 10 per cent., a fixed, positive income, for all time; if that was what you were going to ask.

Q. I could see that; I wanted to know if you were, at the time, familiar with the fact that a proprietary company was to be organized and a wheel within a wheel was to be created here in the manner in which it was? A. No; I knew nothing about it at all.

Q. You knew at the time that you were going to have an opportunity to purchase stock in that new company at 15 cents on a dollar? A. Yes, sir.

Q. And you would be permitted to purchase three shares of that stock for every one you held in the Brooklyn City? A. Yes, sir.

Q. In that way, \$27,000,000 of stock was to be taken? A. Yes, sir.

Q. And that that company was to acquire the capital stock of

the Brooklyn Heights Railroad Company, your lessee? A. Yes, sir; I knew that.

Q. And that the money which you paid in upon that capital stock, and that all the rest paid in, was to be put right up again for your benefit as a stockholder of the Brooklyn City; you understood that, didn't you? A. I do not think that I understood it altogether in that light; no.

Q. You knew it was to go up as collateral to the agreement of the Brooklyn Heights to pay its rental? A. I knew that.

Q. Then it was to go up for the benefit of the stockholders; that is correct, is it not? A. As a matter of fact, I did not give it a thought.

Q. Did you take all the stock you were entitled to? A. I did.

Q. Three thousand shares? A. Three thousand shares.

Q. Thirty thousand dollars? A. No; 1,000 shares; 300 shares, \$3,000.

Q. How much stock did you take in the Long Island Traction Company? A. My allotment of 300 shares.

Q. Thirty thousand dollars? A. Thirty thousand dollars.

Q. I said 33,000 shares, but I did not mean it; when you took that, did you know that eight-ninths of the money which you paid in would be put up as a guarantee for a fulfilment on the part of the Brooklyn Heights Company? A. I did.

Q. Did you know the Long Island Traction Company was to acquire the capital stock of the Brooklyn Heights Company? A. I did.

Q. At 75 cents on the dollar? A. I did not know at what price.

Q. How was the \$500,000 that went into the treasury of the Long Island Traction Company expended? A. I don't know.

Q. You never made any inquiry about it? A. Never.

Q. You knew that \$150,000 of it was paid for the stock of the Brooklyn Heights, did you not? A. No.

Q. Did you inquire into the scheme that the promoters had in mind in organizing this Long Island Traction Company? A. I did not.

Q. How did you decide that it was a good thing for you? A.

From the fact that I would get a fixed dividend of 10 per cent. for all time on my Brooklyn City stock, free from all the variations of traffic, and that possibly the Long Island Traction stock would, by reason of acquiring various lines and taking a small profit from each, make my stock valuable.

Q. You did not know that was the idea to acquire new lines?

A. I presume that was the idea in making their capital stock \$30,000,000.

Q. You knew the first scheme was first to benefit the Brooklyn City Railroad people, did you not? A. I don't know that I knew that that was the object, but I knew that it did benefit them.

Q. You knew all of the features of the syndicate that was organized in New York to carry out this scheme? A. No, sir.

Q. You knew there was such a thing? A. From information; yes.

Q. Who informed you on that subject? A. I think it was Mr. Lewis that first told me of it.

Q. What did he tell you about it? A. He told me that at a meeting of the board —

Q. What board? A. The board of directors of the Brooklyn City Railroad Company, that there would be a communication presented from a syndicate which sought to acquire the properties of the Brooklyn City Railroad Company, through a lease; that is all he told me.

Q. That is all you knew about it? A. Yes, sir.

Q. That there was such a syndicate, but you did not know who it was? A. No.

Q. Or what it was? A. No; that they wished to acquire the property of the Brooklyn City Railroad Company by lease.

Q. Who it was you knew nothing about? A. No, sir.

Q. Or how responsible it was, you knew nothing about? A. No.

Q. And did you then make out an address to the stockholders of the Brooklyn City Railroad Company? A. It was made by counsel, and I signed it, by order of the board of directors; I was only acting in the interim between the resigning of Mr. Thompson and the coming in of Mr. Bogardus.

Q. At that time you signed a statement in which you stated that a responsible syndicate, represented by the New York Guaranty and Indemnity Company undertook to procure the leasing of the Brooklyn City Railroad Company; you sent that to the stockholders, did you not? A. Yes, sir.

Q. Not knowing whether it was responsible or irresponsible? A. I sent it by order of the board of directors.

Q. I do not care about that; that was the fact, was it not? A. Yes, sir.

Q. And you understood, then, that that arrangement would place the Long Island Traction Company within the control of the people owning the Brooklyn City? A. Yes, sir.

Q. After that, did the Brooklyn City issue \$3,000,000 more of capital stock? A. It did.

Q. At what price? A. Par; \$10 a share to its stockholders.

Q. And no one else permitted to buy in? A. No one else.

Q. Supposing one stockholder was unable to take his share? A. He had the privilege of selling it to any other stockholder he chose, or any other person; he could do as he saw fit.

Q. When that stock was put out by your company it was worth more than par? A. Yes, sir.

Q. How much? A. I think it sold for 120; it sold at 20 per cent. premium.

Q. How is it now? A. Yesterday I heard the quotation was 182.

Q. So on that \$3,000,000 the stockholders have practically made \$2,400,000 if they retained their stock? A. Yes, sir; about that.

Q. Two million four hundred thousand dollars? A. That is right.

Q. That is also to receive 10 per cent. and guaranteed by everything that the Long Island Traction Company has? A. Yes, sir.

Q. And by everything that the Brooklyn Heights Company has? A. Yes, sir.

Q. And by everything that is left of the Brooklyn, Queens County and Suburban? A. Yes, sir.

Q. Will you bring to-morrow morning with you the stock book of the Brooklyn City Railroad Company? A. I will; you mean the ledger?

Q. The stock ledger; that shows the names and amounts of stock owned by individuals? A. Yes, sir.

Q. And various transfers from time to time? A. Yes, sir.

Q. Are you a director of the Long Island Traction Company? A. Never.

Q. At no time? A. No, sir.

Q. Have you drawn off a statement, Mr. Swin, of the investment of these various roads and the cost of them? A. And the cost of them?

Q. Yes, sir. A. Since 1892, was it not; I know Mr. Trull spoke to me.

Q. What statement did you take off? A. The amount of money expended by the Brooklyn Railroad for the purchase, equipment and real estate.

Q. What amount? A. Four million three hundred and eighty-six thousand seventy-one dollars and one cent, of which \$2,900,000 was for conversion, and \$1,486,000 in extensions? A. I should say about 20 miles.

Q. Twenty miles? A. Oh, no; hold on; about 30 miles.

Q. About 30? A. Yes, single track, and 15 double track.

Q. That would be 30 miles of track? A. Yes, sir.

Q. Did the extensions involve anything else besides the construction of the track? A. Equipment.

Q. What was the expense of the equipment? A. Whatever necessary cars to run them.

Q. How much went into extensions? A. One million four hundred and eighty-six thousand dollars.

Q. How is that itemized? A. That is made up of construction and equipment, principally.

Q. How much? A. One million four hundred and eighty-six thousand dollars.

Q. That is more than \$40,000 a mile, Mr. Swin? A. Yes, that's

right; that's all right; we have got a power house in there, and cars and roadbed.

Q. How much did the real estate cost; do you remember? A. I should judge — you are speaking of the real estate applicable to extensions?

Q. Yes; you said you bought a power house? A. Yes, sir; probably \$250,000.

Q. That is the real estate? A. The power house and contents.

Q. Did you build the building? A. Yes; we had the land.

Q. Does the value of that land enter into that item of construction? A. No, sir; it did not.

Q. My inquiry related to the expenditure of money in real estate? A. I think that the cost of the power house is the only real estate.

Q. Do you know what that item is? A. I could not tell you off hand, no.

Q. Can you furnish it? A. Oh, yes; I can furnish you with any of that information.

Q. Bring the book that shows that, unless it involves the railroad? A. I would prefer to take a transcript.

Q. You take off a transcript of the amount that went into that building; the amount that went into engines, boilers, switchboards and so forth. A. I will give you a transcript from the books that goes to show the cost of power house and contents in detail and such real estate as enters into that item of \$1,486,000; that is what you want is it?

Q. Yes, that and equipment. A. Oh, yes; everything that goes to make up that item.

By Mr. Nixon:

Q. And to-morrow morning you will have that? A. Yes, sir.
Recess until Thursday, July 11, 1895, 10 a. m.

Clinton L. Rossiter, sworn, testified:

By Mr. Wade:

Q. Where do you reside? A. Brooklyn.

Q. What business are you engaged in? A. Railroad business.

Q. With what railroad company or companies are you connected? A. The Brooklyn Heights Railroad.

Q. Any others? A. No, sir.

Q. How long have you been connected with that company? A. Since the first of July.

Q. Eighteen hundred and ninety-five? A. Eighteen hundred and ninety-five.

Q. In what business were you engaged prior to that time? A. Railroad business all my life.

Q. Where? A. With the New York Central Railroad on different portions.

Q. Were you an officer of that road? A. I was.

Q. What office did you hold? A. At the time I left I was assistant superintendent of the western division, in Buffalo; different offices.

Q. That position you surrendered on the 1st of July? A. I did.

Q. And took this position here? A. Yes, sir.

Q. At whose instigation did you make that change? A. I do not understand that question.

Q. You left the New York Central and came to the Brooklyn City Railroad on July 1st? A. Yes, sir.

Q. Now, I say, at whose instigation did you make that change in your affairs; who suggested it to you, if any one? A. I think I first heard of it from one of the officers of the New York Central Railroad.

Q. Which one? A. The treasurer.

Q. What is his name? A. E. B. W. Rossiter.

Q. Is he related to you? A. He is my brother.

Q. Was he at the time interested in the Brooklyn City Railroad Company? A. I know nothing about my brother's affairs.

Q. You do not know why he suggested to you that change? A. No, sir; excepting, I presume, an interest in me.

Q. What? A. No, sir; excepting, I presume, an interest in me; I know of no other reason.

Q. You are the president of the Brooklyn City road now? A. Of the Brooklyn Heights road.

Q. I thought your connection was with the Brooklyn City? A. No, sir.

Q. Of the Brooklyn Heights Railroad? A. Yes, sir.

Q. And as such president you have the management of the Brooklyn City Railroad, the Brooklyn Heights Railroad and the Brooklyn, Queens County and Suburban? A. Of the Brooklyn City Railroad system and the Brooklyn Heights Railroad system.

Q. And the Brooklyn, Queens County and Suburban is run by itself? A. I think that has a separate organization.

Q. Did you know anything about either of these railroads before you were first engaged? A. Of course, I had been looking into them for a few days; nothing prior, you might say, to the 1st of June; practically none before the 1st of July.

Q. That information was acquired by you with a view of assuming this position? A. That is all I learned.

Q. Were you a stockholder in this road? A. Not at that time.

Q. And since have become such? A. Yes, sir.

Q. To what extent? A. To enable me to become one of the board of directors.

Q. Ten shares? A. A nominal number of shares.

Q. You have no pecuniary interest in the road, then? A. No, sir.

Q. And your sole interest in it is the salary which you receive? A. Yes, sir.

Q. I said 10 shares; that would be a thousand dollars; I was thinking of the Brooklyn City, where the shares were \$10 a share; did you receive more than one share of the Brooklyn Heights Company? A. I can not answer that.

Q. Did you pay anything for it, or was it put in your name to enable you to hold the position? A. I presume it was put in my name to enable me to hold the position.

Q. You know whether you paid for it, do you not? A. Yes, sir.

Q. Did you? A. Am I required to answer that question?

Q. Yes, sir. A. I do not see why I should; I am willing to; it is a matter of personal interest.

Q. You became connected with this road this committee is investigating, and it might seem strange that the stockholders should put the affairs of the road in the hands of someone who had not any pecuniary interest in it whatever; now, you may see why that would be a very good thing to do? A. I never heard of a railroad who did not have its affairs put into the hands of persons that had no pecuniary interest; I have held official positions in the New York Central twenty years, and had no interest.

Q. You were not the head man there? A. No.

Q. Did you pay anything for the stock, whatever the amount it was, that was put in your name at the time you became a stockholder of the Brooklyn Heights Railroad? A. I did not; it was purely nominal.

Q. Do you know of the reason why it was thought advisable to elect you president of the road? A. No; I did not ask.

Q. I suppose your experience in railroad business was one inducement? A. I understood that was the reason the offer was made to me; I do not know that it was any inducement.

Q. I say that it was one inducement to the stockholders to elect you to the position, was it not; they did not want a novice? A. I did not ask them, so I would not like to answer.

Q. Did you understand there was some difficulty, or that there was some dissatisfaction among the stockholders of the Long Island Traction Company and the Brooklyn City? A. No, sir.

Q. You succeeded Mr. Lewis? A. I did.

Q. Who, as you understand, is largely interested in the Long Island Traction Company and the Brooklyn City? A. No, sir; I do not understand it; I never asked.

Q. You have got in your office the books, and know? A. I presume they are; I never have seen them, for I have had my hands full on the practical management of it; I have never seen the stock books or asked to see them.

Q. So you do not know the persons who are pecuniarily interested in the road that you are operating? A. I do not.

Q. How many officers of this company are there in active service? A. Do you refer to the subordinate officers?

Q. No; I mean officers of the company; not subordinates? A. The president and general manager — the position held by myself — and the secretary and treasurer.

Q. You are the president and general manager of the road? A. Yes, sir.

Q. And vice-president? A. I do not know whether the by-laws call for one.

Q. Do you know whether there is one? A. Yes, sir.

Q. President, vice-president, general manager, and secretary and treasurer? A. Yes, sir.

Q. And the secretary and treasurer is one person? A. Yes, sir.

Q. And the president and general manager? A. Yes, sir.

Q. The salary of the secretary and treasurer is what? A. I do not know.

Q. What is it of the president and general manager? A. I have not received any salary yet.

Q. Have you any idea about what it is to be? A. I had an idea but I could not tell you until later on.

Q. If you want to leave it that way, Mr. Rossiter; so your position is substantially this: You left a position with the New York Central road at the suggestion of your brother, to come over here, and was elected president and general manager of the Brooklyn Heights Railroad Company, a concern in which you had no pecuniary interest whatever, and entered actively into the discharge of the duties of that office, and assumed the management of the road, and you have not any idea of what you are to get for it; that is the position, is it? A. I had an idea what I am to get for it, but I have not been officially informed yet.

Q. What is your idea about it? A. I do not think I would be justified in saying; I have not been officially informed.

Q. Didn't you make a bargain about this thing? A. Yes, sir; practically.

Q. Now, that is what I want; looking at you I do not believe that you would be taken for a philanthropist of that magnitude; I am right about that; you did not come here for your health; you are here for your salary? A. I did not come here for nothing.

Q. That is what I want to know. A. I would rather take advice in answering that question, because I have truthfully stated to you that I have not been officially informed; I suppose the board of directors will fix it between now and the 1st of August; if I could give you any more information, I would.

Q. You said you made a bargain? A. I did not say so.

Q. I understood you you made a bargain of some kind; you had no understanding whatever? A. Yes; an offer was made to me.

Q. What was that; you told me you would give me any information you could? A. I will call it — but how far I am to go into my personal affairs I would like to find out.

Q. It is not entirely your affairs, because what you get from this corporation some one of them has got to pay. A. Well, the salary is \$12,000 a year.

Q. Do you know, Mr. Rossiter, of any one else in the New York Central Railroad Company who was interested in your coming here, aside from your brother? A. Yes, sir; several.

Q. Who were they? A. Do you think it is necessary to bring in my friends in the New York Central Railroad?

Q. Yes; I want to bring them in here? A. Mr. Van Etten, general superintendent, was interested in my coming.

Q. And who else? A. It was largely after consultation with him that I came here; I was his subordinate officer.

Q. Is Mr. Van Etten interested in the surface street railroads here? A. I know nothing of his affairs whatever; I think not; I never asked the question.

Q. You are satisfied in your own mind? A. I think not.

Q. You think not? A. Yes, sir.

Q. Do you know of any one in the New York Central road who is interested here? A. Not to the extent of one share; no, sir.

Q. Have you any information on the subject? A. No, sir.

Q. Was Mr. Van Etten's interest in this matter simply an interest in you and your welfare? A. I think so.

Q. I do not care about it, then. A. I supposed you did not, and that is the reason why I did not want to bring these gentlemen in here.

Q. Do you know how that idea was communicated to the officers or stockholders of the Brooklyn Heights Railroad Company? A. What idea?

Q. The idea of your coming here? A. I was informed a month ago that they were looking for a steam railroad man to take charge of this road.

Q. Looking for a steam railroad man? A. I understood so; I may have been misinformed.

Q. Whom did you first meet of the Brooklyn Heights Railroad Company in reference to this matter? A. Two or three of the directors; I do not really think I could tell you who I met first; they were strangers to me.

Q. You remember meeting some one of them some time? A. Yes, sir.

Q. Who was that? A. Crowell, Hadden, Henry Seibert, Doctor Hoagland and Mr. Dutcher; I will not say that is the way I met them.

Q. No; but you remember meeting those people with reference to this matter? A. Yes, sir.

Q. And talking over the subject of your coming here and assuming this position? A. Yes, sir.

Q. What seemed to be the difficulty, Mr. Rossiter; the road was officered before you came; what seemed to be the difficulty? A. I know of no difficulty.

Q. What seemed to be the occasion of their wanting a change? A. I do not know that any more than the occasion of my being transferred from division to division on the New York Central, which is customary on all roads.

Q. That, you know, is done by the officers of the company placing subordinates in various positions, but here, it seems, they wanted a change in the head of the institution; now, did you

get any information from any of them of why they wanted that change? A. No; I do not think I did, excepting that in a general way.

Q. Let's have it that way. A. That they wanted some one who understood the management of railroads and maintenance of track, particularly; I think emphasis was laid on that; I think there was nothing else stated; certainly there was nothing stated to me of any reasons for any change more than a desire on the part of the officers.

Q. You knew the person that held that position had had a great many years of experience with surface street railroads?

A. I did; I was also informed that he wished to be relieved from the work and responsibility; I do not know that to be true or not; I understood that that was the reason for the vacancy.

Q. I took it from what Mr. Keeney stated here the other day that there was some little reason for Mr. Lewis going out and your coming in; he did not seem to know what; I did not know but you did. A. Not unless it was personal desire on the part of Mr. Lewis to be relieved.

Q. Since the 1st of July you have had the management of this road? A. I have.

Q. You control the running and operation of its cars? A. I do.

Q. You control all of the operations in the power-houses? A. I do.

Q. Do you know anything particularly about running an electric plant? A. The strictly electrical part of it, do you mean?

Q. Yes, sir. A. I do not.

Q. You have subordinates who are electricians and who know about that? A. I have.

Q. Do you do much in connection with this road, Mr. Rossiter, except the maintenance of the track, yourself? A. I do not want to keep the same pace up very long; yes, sir.

Q. What do you devote your personal attention to? A. Everything connected with the physical operation of the road.

Q. If you do not know anything about electricity or the running of an electrical plant, you could not do much there? A. Why not.

Q. Supposing a dynamo was out of repair, you would not know what to do with it? A. If the cars should stop running here I would have to go and operate them.

Q. No; you have got a man there who looks after that? A. Yes.

Q. You are trying to get the track in perfect condition, for one thing? A. I hope gradually to bring that about.

Q. And you have direction of the manner in which the cars shall be run? A. I have, actually; the time table, and the maintenance of cars, all of which I have been familiar with in the positions I have occupied.

Q. How many men have you engaged in operating cars on this line? A. At the present time, about 2,000.

Q. That does not include all the subordinates? A. No, sir; you speak strictly of the men operating cars, motormen and conductors.

Q. Yes. A. About 2,000.

Q. Running about 1,000 cars? A. A trifle under that.

Q. Have you any difficulty in obtaining men at the present time? A. Not that I am aware of.

Q. Have you given hours for a day's work, or a given number of miles of run or trips? A. All three.

Q. All three? A. Yes, sir.

Q. On what lines do the motormen and conductors run for so much a trip? A. Pretty much all of the lines excepting the Suburban country lines; they are all based on the trip.

Q. And what is the mileage of that trip? A. That varies.

Q. Varies largely? A. It varies on any of two lines.

Q. How do you get at the amount of work that a motorman or conductor should do in a day? A. By laying out our time table, and seeing how many trips we can get in in a given number of hours.

Q. So as to equalize the whole thing? A. Yes, sir.

Q. Making a conductor for a long trip getting more pay than for a short one? A. Yes, sir.

Q. Do you pay the motorman by the trip? A. The basis is the rate per day of two dollars.

Q. You pay them practically \$2 a day? A. No, sir; practically.

Q. For a full day, I mean? A. Yes, sir; practically.

Q. And if he makes less than the required number of trips it is so much less than \$2? A. Yes, and if over it is over \$2.

Q. The trips entitling the motormen to the \$2, how many hours does it take? A. From seven and one-half hours on good runs, as we call them, up to twelve hours.

Q. From seven and one-half to twelve hours? A. Yes, sir.

Q. On the twelve hour runs what class of men do you outline; new men or the old ones? A. I could not answer that; I have only been here ten days.

Q. You do not know about that; have you learned anything about them? A. I have instructed the superintendent that I wanted preference given to the older men in every case where their employment was satisfactory, and preferment on the merits and strictly a matter of discipline; the question you asked me I could not answer because I did not know the men.

Q. I notice recently some of the old men who were on a strike last winter, have been restored? A. Some of them have.

Q. Did you issue any circular or statement in reference to the re-employment of the old men? A. No, I issued no circulars.

Q. Or statement? A. I made a statement.

Q. For publication? A. It was published.

Q. Was that anticipated when you made it? A. Yes, sir.

Q. And what was that? A. That applications would be received and appointments made solely on the merit of the men, their records and their qualifications alone would govern in the appointment; it is a practice I have always followed in the employment of men, where I have had anything to do with them, and it is highly satisfactory.

Q. Immediately after that statement were you immediately visited by a large number of the old men? A. Yes, sir.

Q. How many in number? A. Since Monday morning, about 300, and perhaps 350.

Q. How many have been taken back, if any? A. About 900, in all.

Q. About nine? A. Yes, sir, about 900.

Q. Nine hundred? A. Nine hundred.

Q. You couldn't take 900 out of 300? A. I did not say that.

Q. I asked you how many of the 300 that applied to you? A. Possibly a dozen; we could not possibly take them back until we investigated their record and found out what their qualifications were; we may take them all back; we are taking them back every day, and we have taken a few since I have been here; I did not understand your question.

Q. You said 300 applied to you? A. One hundred and twenty of those were yesterday morning, and we have extra men now looking up their cases; the only way we can find out their qualifications and records is to look up their records, and that we are doing.

Q. Has that always been your custom when you employed a man on your railroad, to send somebody out and get his biography. A. Yes, sir, I never employ a man without doing it, and I left as fine a set of men behind me as any man ever had; and I should not expect to be employed myself unless my biography had been investigated; I do not see any other way to be done.

Q. I suppose on your theory, if tramps come along and want to cut you a cord of wood, you would want to know his history before letting him do it? A. I do not think they use any on the road; I couldn't say.

Q. How many men have you got out looking up the history, ancestry and personal merit of these old employees? A. None; you understand how it is done, I presume.

Q. Yes. A. By correspondence, entirely.

Q. Well, I see that it may be quite necessary. A. If I may ask you a question you would not expect any corporation to employ men on that basis; that may not be proper for me to ask.

Q. You see, I do not know much about it. A. If you were running a machine shop, you wouldn't take in tramps, would you?

Q. I couldn't tell; no, sir; I would take the best men I could.

A. We want to treat the public with courtesy, and get the best class of men we can.

Q. You have been over your road sufficiently since the first of July to understand its various lines? A. No, sir; I have been over a good deal of it both day and night, but not by any means all of them.

Q. Have you made any changes of importance since you assumed command? A. In concentrating responsibility, I think that is about all.

Q. I mean changes in the operation of the road, in the running of cars? A. In one or two minor cases, yes, sir; I had the superintendent add some cars on the lines; I considered it necessary, and changes that way.

Q. I noticed by the map that was furnished by the Brooklyn City people, that there are various intersections where there are no transfer stations? A. A great many.

Q. Do you think there should be? A. I could not answer that question in that general way.

Q. Do you understand the difference between giving your conductors transfer tickets to be used, and having some men standing on a corner calling himself a transfer station? A. I understand the difference.

Q. Which do you regard the better course? A. My knowledge on that is all from personal observation.

Q. That would be the best you could get, wouldn't it? A. I think there are times when I would rather have the conductor give them out; there may be other times when it would be better for the transfer agent to give them out.

Q. You would not think it advisable to have both, would you? A. Yes, sir; we are arranging to put the other in trial.

Q. What? A. Have the conductors give them out.

Q. You do not need to do that to learn about it? A. Oh, yes.

Q. You know that system is in use in many places? A. Not on a line as large as this; I know of no place.

Q. You know the Buffalo line, somewhat? A. I know a good

deal about the Buffalo lines, but they would about correspond with our Fulton and Green Island lines, alone.

Q. I know you have extensive lines, and if your Long Island Traction Company had held its breath I do not know but it would have been a little larger; but you know the Buffalo lines are all practically consolidated and run under one system? A. Yes, and I think the public gets the benefit of the consolidation.

Q. How? A. I consider the Buffalo lines one of the best managed lines in this country, so far as my observations have gone.

Q. There they have the transfer tickets in the hands of the conductors all over? A. Yes, sir.

Q. There is no part of that system that you can start from where there is an electrical railroad, that you would be required to pay two fares to go to any other part? A. Yes there are.

Q. When in one continuous route? A. Yes, sir.

Q. Where is that? A. I have got on the cars a number of times and had to pay two fares.

Q. Where? A. Going up Main street and taking a Virginia street car you have to pay two fares; I have done it.

Q. Are those roads under the same management? A. Yes, sir.

Q. When did you do that? A. Just before I left Buffalo, where I have lived during the past five years.

Q. That was when? A. Within the past twenty days; I have not paid that fare within twenty days, but within a reasonable time; there is no modification or change.

Q. What is there especial about the Virginia street line? A. Because the lines run parallel, and if they transferred passengers could come down town and get a transfer and go back.

Q. That is not an intersecting line? A. Yes, sir.

Q. And run parallel? A. Yes, sir; run parallel, not on the same street; two block apart.

Q. Where do they intersect? A. I think at the corner of Allen street and Main, on the up trip, and Virginia and Main on the down trip.

Q. You can substantially go to the same part of the city on one of those tracks that you can on the other? A. Exactly.

Q. And if your fancy dictates a change there, you have to pay another fare? A. Yes, sir.

Q. What I am getting at is this; is it not a fact that you can start from the remotest corner of the city of Buffalo, where there is a street railroad, and ride to the remotest corner in the opposite direction, making several transfers on one fare? A. I do not know that to be the fact; I know they transfer to a limited extent, but how extensive that is I do not know.

Q. To a limited extent? A. Yes, sir; I know, for instance, I can come down in an Elmwood avenue care and take a cross town car, but how far I could carry that I do not know.

Q. You regard that as one of the best managed street railroads in the State? A. I do.

Q. Wouldn't it be worth your while to imitate their transfer system here? A. I am not prepared to say that; there is but one line in Buffalo, and no elevated roads.

Q. There was more than one line before they were put together? A. Yes, sir.

Q. There is but one line of your road, the Brooklyn City road, or the Brooklyn Heights road, in so far as management is concerned; it is all under one management? A. Yes, sir.

Q. How many superintendents have you on this line, Mr. Rositer? A. There are two district superintendents and five assistants; seven in all.

Q. What salary is paid to the district superintendents? A. Two thousand five hundred dollars, I believe.

Q. And the assistants? A. They vary on the lines; I could not answer that without reference to the pay-roll; those having important lines receive more.

Q. Do you know about what the weekly pay-roll of the company amounts to? A. No, I do not.

Q. How do the wages of motormen and conductors compare? A. With other roads?

Q. No, with each other? A. The same; I would say, that none of these assistant superintendents get less than \$1,500.

Q. From fifteen, up? A. Yes, sir.

Q. What do you think of the rate of speed at which the cars run; which the cars are limited here? A. I think it is a very unfortunate ordinance for the city and for the public, and very injurious to the continued growth of the city in the outskirts; that is my honest opinion as an outsider.

Q. Do you think it affects the earnings of the street railroad? A. Without doubt; to what extent I do not know.

Q. You think it is giving the elevated roads an advantage in that respect? A. I presume it must; for a business man; that is only my personal observation.

Q. Exactly; Mr. Rossiter, were the books brought over this morning? A. What books?

Q. Of the Brooklyn Heights Company? A. I did not know they were requested.

Q. They were subpoenaed? A. My hands were tied up on the outskirts; I have not asked any questions; I did not know the books were wanted.

Q. I think that will be all, now, Mr. Rossiter.

Henry M. Thompson, called and sworn, testified:

By Mr. Wade:

Q. Where do you reside? A. Sixty-nine West Sixty-eighth street, New York.

Q. Sixty-nine West Sixty-eighth street, New York? A. Yes, sir.

Q. What business are you engaged in? A. Railroading.

Q. With what railroad company are you connected? A. I am not connected with any at present; I am only connected with a company constructing a road.

Q. With a construction company? A. Yes, sir.

Q. What construction company are you engaged with? A. We are engaged in forming a company for the purpose of constructing twenty miles on Long Island.

Q. Have you formerly been connected with the street railroads of Brooklyn? A. Yes, sir; the Brooklyn City Railroad.

Q. How long? A. From March, 1887, until November, 1892.

Q. In what capacity? A. Secretary and treasurer.

Q. Until December, 1892? A. November, 1892.

Q. Were you one of the board of directors during that time?

A. During a portion of the latter two years; yes, sir; I think after the first year I was in the board.

Q. At the time you became connected with this road in this official capacity, how was it operated? A. By horses.

Q. What lines did it then operate? A. I shall have to think about that; do you want me to name them?

Q. Yes, if you can, without too much trouble? A. Fulton avenue, Myrtle avenue, Court street, Fort Hammond, Flushing avenue, Third avenue, Flatbush, Furman street, Putnam avenue; there may be some more that I forget, but I think that is all; oh, Gates avenue.

Q. And about how many miles of road did the company have at that time? A. I think about eighty.

Q. About eighty? A. Miles of road; I couldn't say; no, sir; I will have to refer to the reports; I can not remember; I have been away from here two and one-half years.

Q. That was all double-track road? A. Yes, sir.

Q. So, if it was 80 miles of road, 160 miles of track? A. No; that is not right; about 80 miles of track and 40 miles of road, if that is the case; I am not sure about that.

Q. No matter; were you connected with that company when it was incorporated? A. No, sir; it was incorporated in 1853.

Q. The Brooklyn City? A. Yes, sir.

Q. And from time to time, from that time on, did it occasionally take in a new line of road somewhere, or construct one? A. It was constructing new lines from the time of its incorporation until I went there in 1887, when I found the roads I mentioned.

Q. Did it construct any during your time? A. Yes, sir; constructed the line from the Thirty-ninth street ferry to Bensonhurst, and extended a line from Ridgewood along Myrtle avenue out to — I don't know, a couple of miles — to Richmond Hill.

Q. What was the capital stock of the company when you went there in 1887? A. Two million dollars.

Q. Two million dollars? A. Yes, sir.

Q. And how soon was it increased? A. I think the second year I was there it was increased \$1,200,000, if I recollect right; I think it was in 1888, it was increased to \$3,200,000; I would have to refer to the reports.

Q. What was the stock selling at when you went there? A. Somewhere about 175 or 176; it was along there somewhere.

Q. How was that \$1,200,000 of stock put out? A. It was subscribed for at par, by the stockholders proportionately to their holdings.

Q. And they paid in? A. One million two hundred thousand dollars.

Q. The par value of it? A. Yes, sir.

Q. When issued, what was it worth? A. I suppose, if I recollect right, it dropped to, I guess, about 150, and then it went right back again.

Q. Went right back to where it was? A. Yes, sir.

Q. Back to 180? A. About 175; about that figure; I forget exactly.

Q. So that enabled the stockholders, in that short time, to make \$900,000 by issuing that stock? A. I do not know what they made; they got the stock at par.

Q. They got \$1,200,000 of stock at par that was worth 175? A. The old stock of \$2,000,000 was worth 175.

Q. It went down to 150 and went back in a few days to 175? A. I can not say a few days; but it went back shortly after that.

Q. That made \$900,000 profit on that? A. That is true.

Q. Then the stock was \$3,200,000? A. Yes, sir.

Q. About what dividends were declared on the stock at that time? A. Eight per cent.

Q. And were they diminished at all by reason of the issuing of the increase? A. No.

Q. Then how long did the capital stock of the Brooklyn City

continue at \$3,200,000? A. Until, I think, the 1st of January, 1890; I won't be sure about that date, but about that time.

Q. That is as you recollect it? A. Yes, sir.

Q. How much was it increased at that time? A. Two million eight hundred thousand dollars up to \$6,000,000.

By Mr. Nixon:

Q. What was that amount? A. Two million eight hundred thousand dollars.

Q. What year? A. About the 1st of January, 1890.

By Mr. Wade:

Q. How was that stock put out? A. That was given to the stockholders at par.

Q. The same as it was before? A. Yes, sir.

Q. And if a stockholder was not in shape to take his stock he sold his right? A. Yes, sir.

Q. For whatever he could get for it? A. Yes, sir.

Q. Is it a fact that in many cases that was done? A. Yes, sir.

Q. About how much would that right be worth? A. The right sold anywheres from 25 to 40 per cent.; say from 20 to 30; from 125 to 140.

Q. And what was the stock worth in 1890, before the increase? A. Well, sir, to the best of my memory, about 175; the stock ranged along from 165 to 175.

Q. There is some time it went up above 300, wasn't there? A. That was when the Long Island Traction business came in; that was afterwards.

By Mr. Nixon:

Q. That was when? A. That was when this Long Island Traction Company came along; there was still another increase before this 300 came in.

By Mr. Wade:

Q. Then you increased \$2,800,000, and the stock worth about 175 at the time the increase was made? A. Somewheres about that.

Q. What was its market value after the increase was made? A. It dropped, I suppose, to 140, perhaps, or 135, and then reacted, and in a few months came back to where it was before.

Q. That was practically making in that \$2,800,000, 75 cents on a dollar? A. Of course; that would not be so, because it might be made by the owners or by the person to whom it was sold.

Q. By those who did take it? A. It would probably run from 65 to 75 per cent.

Q. What was done with the \$2,800,000 that was paid in? A. It was used to purchase six lines of railroad; at least, the lines were leased, and then the stock absorbed, and money borrowed for the purpose of paying for this stock, and then these six lines were merged into the Brooklyn City Railroad, and this stock changed for the old and paid for the railroad.

Q. So it was not an entirely money transaction? A. Oh, yes; the money was paid into the treasury and we had to buy the stock of these other railroads for cash, for which we borrowed the money to buy the stock before this was issued.

Q. Your company borrowed this as a company? A. Yes, sir.

Q. So, in purchasing that stock of these smaller companies was there any of the stock thus purchased that was divided up among the officers and stockholders without compensation? A. Not to my knowledge; I didn't get anything.

Q. They were purchased at what was regarded as their actual cash value? A. At that time.

Q. So, in the transaction the stockholders of the railroad company, including those whom certain stockholders sold to, the right to purchase made about \$2,100,000, including the stock? A. The increase was only \$2,800,000.

Q. But 75 per cent. is \$2,100,000? A. I can not tell you that exactly; but it was somewheres from 65 to 75 per cent.

Q. Call it 70, then; it would be 70 per cent. of \$2,800,000? A. Yes, sir.

Q. One million nine hundred and sixty thousand dollars; now, the capital stock is \$6,000,000? A. At that time; yes, sir.

Q. What dividends were declared upon it then? A. Eight per cent.

Q. So that it was not reducing the dividends at all? A. No, sir.

Q. Later, was the stock increased again? A. Yes, sir; it was increased, in 1892, \$12,000,000; double.

By Chairman Nixon:

Q. How much? A. Twelve million dollars, in 1892.

Q. Increased \$6,000,000? A. Yes, sir.

By Mr. Wade:

Q. How was it all taken then? A. I left the company in November, 1892; before I resigned from the company there was a notice issued then for the issue of \$3,000,000 of the stock to be paid for; I think on the following January; \$3,000,000 of it was issued at that time and \$3,000,000 afterwards.

Q. This stock was given to the stockholders in precisely the same way as the other was; the opportunity to purchase, I mean? A. Three million dollars of it was; I do not know about the other \$3,000,000.

Q. Three million dollars put out in that way? A. Yes, sir.

Q. What was the stock worth before that increase? A. I think the panic came along there; the stock was about 170, I guess; about the same price; it ranged along there; it did not vary a great deal up to that time.

Q. What did it change to in issuing the \$3,000,000? A. I do not remember that.

Q. Was there any substantial change? A. I do not think there was much change then; just within a few months; the panic came on in the summer of 1893, and that reduced the stock very materially.

Q. That stock, when issued, was worth at least 160, wasn't it, that \$3,000,000? A. I think it was.

Q. There would be \$1,800,000 that they made in that transaction? A. The stockholders?

Q. Yes; when was it the highest? A. I know of a little lot that was bought at 305, some time after the Traction deal was made.

Q. Was it after 1892? A. Yes, sir.

Q. What is the stock worth now? A. It is quoted in the paper, I see, at about 180, I think.

Q. Now, it is issued at \$12,000,000? A. Yes, sir.

Q. Do you know how the last issue was put out? A. These last \$3,000,000?

Q. Yes, sir. A. I had some notice of it; I forget; it was put out for the stockholders, I think, in the same way the other was done; only the payments were arranged at intervals.

Q. So they had the same opportunity to purchase the last \$3,000,000 that they did the first? A. I think so.

Q. Did that materially change the value of the stock? A. That was done right in the middle of the panic.

Q. It is now back to 180? A. That is what the papers say.

By Mr. Nixon:

Q. How low did this Brooklyn City stock go during the panic? A. It sold to my knowledge as low as 120.

Q. You do not know what the value was at the time the second \$3,000,000 of stock was issued? A. It was depressed in consequence of the panic, and then this issue coming out and some stockholders not being prepared to take it in the middle of the panic, money being very tight, it kept it depressed; I forget exactly, but I think somewhere about 30 or 40.

By Mr. Wade:

Q. Taking it at the present time, having emerged from the panic, taking the value of the stock the stockholders have had the opportunity of making out of this reissue, or out of this increase, I

should say, in the difference between what the price was sold to themselves and its market value, \$7,260,000? A. I have not put that down in figures.

Q. I will show how I have taken it from your testimony on the first \$1,200,000 you said that was worth 75 per cent. premium, 175? A. Yes, sir.

Q. Went down a little and went right back? A. Yes, sir.

Q. There would be \$900,000 there? A. Yes, sir.

Q. On the next figuring on the same basis, only at 70 per cent. it was only \$1,760,000? A. Yes, sir.

Q. On the next, the \$3,000,000 issue, figuring in the same manner, reducing it to 60, \$1,800,000? A. Yes, sir.

Q. And the last issue of \$3,000,000 at par, and taking its value at the present time at 180, makes \$2,400,000 or \$7,600,000 all told; and now they are declaring dividends from 10 per cent. up? A. Ten per cent., I believe.

Q. Were you connected with the Brooklyn City Railroad Company as secretary and treasurer at the time they commenced talking about forming another company, and the lease of the lines of the Brooklyn City, in the fall of 1892? A. I left in November, 1892, and some time before that time there was some general conversation and so forth, about buying up the Brooklyn City stock and giving the stockholders a chance to sell out at 250, or something of that kind, but nothing definite was arranged before I left the company.

Q. What was the idea of making a change? A. I can hardly say what the idea was; this Traction business had been pretty well done up all over the country, and it was the purpose of buying out this stock, perhaps, to have a larger company and to control more roads.

Q. This company was paying 8 per cent. dividends right along? A. Yes, sir.

Q. That was regarded very good? A. Yes, sir.

Q. How much of a surplus had it when you left the company? A. About \$800,000.

Q. Eight hundred thousand dollars? A. Just about that.

Q. Do you know what has become of that? A. I could not tell without looking at the books.

Q. Do you still continue a stockholder of the company? A. No, sir.

By Mr. Nixon:

Q. Did you say \$800,000 at the time you left the company? A. About that, I think, sir.

By Mr. Wade:

Q. And it had all then been converted; had it been converted into an electrical road then? A. No, sir; when I left there was the Second avenue line running from Thirty-ninth street to Bensonhurst was electric, and the Third avenue line from Fulton ferry to Fort Hamilton was converted; it was just being done; commencing to be done when I left.

Q. Before you left had they issued any new bonds for the purpose of changing this from a horsecar to an electric road? A. They did not issue any bonds specifically for that purpose; before I left they put a mortgage on the consolidated property of the company for \$6,000,000.

Q. How much new capital did they acquire by that mortgage? A. Three million dollars of those bonds were issued while I was there, at par, to the stockholders, proportionately to their holdings, pro rata; the bonds were 5 per cent. currency bonds and were not considered worth more than part at that time; but the other \$3,000,000 were issued after I left the company; I see by the reports there was a premium on those somewhere about 107½ or 108.

Q. Were the stockholders given an opportunity to take the last issue? A. I think not; I think a portion of them were sold to the Long Island Traction Company as a part of this guarantee fund.

Q. What issue was made with the proceeds of the first issue of \$3,000,000 of bonds? A. Without looking at the books a little I cannot remember.

Q. In a general way you state whether that money was used

for buying new roads or re-equipping the old, or for the transferring it from a horsecar to an electric line? A. I think the lines that we bought cost about \$4,000,000, and there was \$2,800,000 stock used for this, and I think the balance was paid out of the proceeds of those bonds; that, I can not say definitely, unless I see the accounts.

Q. After you left the road in November, 1893, were you familiar with any of its transactions after that? A. No, sir; not officially.

Q. Did you continue to be a stockholder any after that? A. Yes, sir.

Q. How long did you continue to be a stockholder? A. I was a stockholder in the Brooklyn City up to the summer of 1893, I think; somewhere about the middle of 1893, when I gave up the Brooklyn City and I took the Traction stock.

Q. You became member of the Long Island Traction Company? A. I did; under the scheme of giving the Brooklyn City stockholders three shares for one at 15 cents.

Q. Did you say you ceased to be a holder in the Brooklyn City? A. I then sold the Brooklyn City stock and kept the Long Island Traction.

By Mr. Nixon:

Q. When was this? A. About the middle of 1893.

By Mr. Wade:

Q. Did you become a member of the board of directors of the Long Island Traction Company? A. No, sir.

Q. An officer of it? A. No.

Q. Do you still hold your Long Island Traction stock? A. I do not.

Q. How long did you hold that? A. I held it a little too long, I guess; I got out of it finally; I don't know; a few months ago.

Q. Did you ever understand just exactly what they had in mind in creating that Long Island Traction Company? A. I suppose the general impression was that if the property could earn

more than 10 per cent. they could divide it into \$30,000,000 easier than twelve.

Q. It would spread out over \$30,000,000? A. That it would not come under the statute.

Q. That was the scheme in organizing? A. That I do not know; I did not have anything to do with the organizing.

Q. As you understand it? A. That was my impression of it.

Q. Did you ever see the contract by which the Long Island Traction Company became the guarantor for the \$4,000,000, or put it up as collateral? A. I have seen the lease of the Brooklyn City to the Brooklyn Heights.

Q. You know that it requires payment of 10 per cent. on the capital stock as rental? A. Yes, sir.

Q. And the interest on all indebtedness? A. Yes, sir.

Q. There is another contract between the Brooklyn Heights and the Long Island Traction Company by which it is agreed that the Long Island Traction Company out of the net earnings, after paying this rental to the Brooklyn City, would be entitled to receive 10 per cent. on its capital stock of \$200,000, and that all the balance of the net earnings shall belong to the Long Island Traction Company, as a consideration of its putting up the indemnity; you know about that? A. I never saw it; I did not know anything about that.

Q. Did you ever figure out, Mr. Thompson, how much the net earnings of these lines might be under this scheme, and declare the entire amount into dividends and not violate the law prohibiting the payment of more than 10 per cent.? A. I never did.

Q. It requires 10 per cent. on the \$12,000,000, would be \$1,200,000? A. Yes, sir.

Q. Then when the net earnings got into the Brooklyn Heights Company declaring a dividend of 10 per cent. on its stock would be \$20,000? A. Yes, sir.

Q. The balance of it belongs to the Long Island Traction Company, and it gets a dividend of 10 per cent. on its stock, would be \$3,000,000? A. Yes, sir.

Q. So it would have to have a net earning of \$4,220,000? A. Surplus after the fixed charges were paid.

Q. That is net earnings; after all fixed charges were paid? A. Yes, sir.

Q. Before anybody could intervene to prohibit the payment of more than 10 per cent. on the capital stock? A. Yes, sir.

Q. Now, that is just what they undertook to do, as you understood it? A. By those figures; yes, as I understand it; that agreement you spoke of I never saw; I did not know anything about that.

Q. Well, it is here, printed, that Long Island Traction Company's stock went up soon after it was issued to 40? A. It sold at 45, I know, before certificates were issued.

Q. Before the certificates were issued? A. Yes, sir.

Q. Who were the largest stockholders of the Brooklyn City at the time you were in there? A. W. A. and A. M. White, A. A. Low; then there was a lot of them that had —

Q. About how much stock did the gentlemen have that you have named? A. That I can not remember exactly; I think W. A. and A. M. White had — I would not say without looking at the book; they had a large block, both of those parties.

Q. You would not want to state the amount? A. I would not, because I want to give it to you accurately.

Q. That is right; unless you have a pretty good recollection, I can get it from other sources which will be accurate. A. All right.

Q. Did the time arrive when it began to be talked around among the stockholders of the Long Island Traction Company, that it was not accomplishing what it was designed to accomplish? A. The time arrived when it began to be talked about that we were not getting any returns from the stock that we had bought, as was anticipated, and shown by the estimates that had been made to show us how valuable it was.

Q. Was there considerable dissatisfaction and complaint? A. Yes, sir.

Q. And complaint on the part of some of the stockholders? A. Considerable on the part of some people I came in contact with.

Q. Was the management of the road criticised? A. Yes, sir.

Q. And was the working of this scheme disappointing to the people who had invested money in this stock? A. Very much so.

Q. Which do you believe would be the better way for the Brooklyn Heights Railroad Company, to operate its own road separately and take care of itself, and the Brooklyn City to do the same, or to get into this combination they are in now, one as lessor now, and the other as lessee? A. I think it is better for the Brooklyn City to operate its own property.

Q. Do you know anything about the Brooklyn, Queens County and Suburban road? A. No, sir, further than one of the old parts of it was the old Broadway road; I do not know anything about the new road, any further than what I have seen about its capitalization.

Q. Do you know anything about its earnings? A. I do not; it was all done after I left; I took no notice of it.

Q. Did you ever know anything about the Brooklyn Heights Railroad? A. No, sir; further than it was built and operated.

Q. Did you ever learn from any source, the cost of its construction, and how that cost was paid? A. The cost was paid by the securities of the road and bonds.

Q. And stock, also? A. And stock, also.

Q. And the stock returned back to the stockholders? A. I do not know how that was; I understood it was done by a construction company, and it was paid for in the securities of the road, is all I know about it; the stock was given as a bonus with the bonds.

Q. There would not be any way for the people who organized the company and got it up, and fathered the enterprise, to get anything out of it unless the stock came back to them? A. Probably they must have been interested in the construction company.

Q. Was that the way it was? A. I don't know; I never had anything to do with it; that is the only information I had; the only ideas I got was that the stock was given as bonus for the bonds,

and the stock was afterwards sold to the syndicate of the Long Island Traction Company at 38 cents on the dollar, is all I know about it.

Q. The Long Island Traction Company, after its organization, placed \$4,000,000 in cash, or its equivalent, with some guaranty company, as collateral security for the performance of this lease on the part of the Brooklyn Heights Company; you knew about that? A. Only from the fact that it was so stated in the circulars and statements I got.

Q. You got that information? Yes, sir.

Q. Then you understood \$150,000 of the Long Island Traction Company's money was paid, or substantially that amount, for the stock of the Brooklyn Heights Company? A. That I can not say; as I understand, the stock of the Brooklyn Heights Company sold at \$1; that would be \$150,000 for the stock.

Q. That is it exactly. A. Where that money came from, or the fund it came out of, I do not know.

Q. The Long Island Traction Company had no other funds from which it could get — A. The subscription at 15 would be \$4,500,000.

Q. I know that. A. The \$4,000,000 may have been deposited as a whole, and the other stock paid for out of the \$500,000; I do not know about that.

Q. Do you know whatever became of the \$350,000? A. Of the \$500,000; no, sir.

Q. Have you ever made any inquiry? A. I have just inquired casually; I thought it was no use asking because I couldn't find out.

Q. Has that been discussed by the stockholders? A. It has been talked by the stockholders that they wanted to know what became of that \$500,000, but they were just like me.

Q. You were quite familiar with the location of the Brooklyn Heights Railroad? A. Yes, sir.

Q. And the extent of it? A. Yes, sir; the Brooklyn Heights you mean, and that only?

Q. Yes? A. Very well.

Q. As a railroad contractor, what do you think that road would cost? A. That is hard to tell; it depends entirely on who did it and the material put in it.

Q. I mean to construct that road? A. I do not know much about cable construction; I never had anything to do with it; that is a cable road, and I never looked into it.

Q. You can pretty near throw a stone from one end to the other? A. I have no connection in any way that I can tell; but I do not think it cost the amount of money that the securities amounted to.

Q. Now, as an experienced railroad man, or contractor, can you see how \$250,000 could be expended in constructing that road? A. The Brooklyn Heights?

Q. Yes, sir. A. No, sir; I do not.

Q. It seems as though it would be physically impossible to do it. A. You can spend it, of course.

Q. You could throw it in the river, but I mean to spend it in a legitimate way? A. I do not think so; I do not think it would cost that much money.

Q. Do you know anything about its power plant if it has got any? A. No, sir; I understand they have one on State street, but I never was in it.

Q. As you understand it, nothing was put up for the \$200,000 of capital stock in the Brooklyn Heights Company, except as it went into the contract for the construction of the road? A. That is as I understood it; I do not know definitely; as I said before, I had no connection with that company.

Q. So, if the bonds were more than sufficient to pay for the construction of the road, the stockholders made \$150,000 on that deal? A. If that is the case, they did, of course.

Q. Who was the first president of the Brooklyn Heights road, if you remember? A. I can not tell you; I do not know.

Q. Now, Mr. Thompson, at the time of this organization of the Long Island Traction Company, or prior to that time, did you learn that a syndicate of some gentlemen were connected with the scheme in some manner? A. With this scheme, the Traction scheme?

Q. Yes, sir. A. No, sir; I knew nothing about it until it was published in the circular that was sent to me.

Q. Did you ever know who composed the syndicate? A. No, sir.

Q. Mr. Thompson, at each of the times when the stock for the Brooklyn City Railroad Company was increased, was there a circular put out in advance of it? A. Yes, sir.

Q. Have you got one of those circulars? A. I do not think I have.

Q. One of each of them? A. I had a scrap-book in the office, and I always kept one in there.

Q. In the railroad office? A. Yes, sir.

Q. So those are on file in the railroad office, or were when you left there? A. They were when I left there.

Q. Do you know why the Long Island Traction Company went into the hands of a receiver? A. Only from just what I hear.

Q. Tell us that? A. They went into the hands of a receiver for various reasons; various reasons given for that; one was, that they thought some one in Brooklyn was going to put it into the hands of a receiver antagonistic to them; another was, that some one of the company was busted and had no money to pay their debts with; various reasons. •

Q. Have you heard it talked that it was a sort of squeezing sort of process going on? A. I have heard that; but I couldn't tell that I know.

Q. The company was not engaged in any business except holding its stock? A. So far as I know.

Q. I do not see how they could contract any debt unless it was as security? A. I do not see how there was much debt they could contract; like a note, giving a note in hand, with nothing to pay for it.

Q. Is it your opinion, or was that company put into the hands of a receiver for the purpose of enabling those who desired to force reorganization? A. That is the way I understand it.

Q. Irrespective of the wishes of the smaller stockholders? A. Yes, sir.

Q. And did you understand that a receiver was appointed prac-

tically at the solicitation of the company itself, and its officers?

A. That was what I understood; yes, sir.

Q. Who was your predecessor? A. Mr. Daniel F. Lewis.

Q. Do you know how long he was in that capacity? A. I think about two years, or a little over; I think he went in somewhere about 1885, or at the end of 1884.

Q. Who was his predecessor? A. Mr. William B. Lewis, his father.

Q. Is he still living? A. No, sir; he died suddenly, and Mr. Daniel took his place.

Q. Who was the president of the company while you were secretary and treasurer? A. Daniel F. Lewis.

Q. Was he also the general manager? A. At that time we had no office called general manager; but virtually he was charged with the operation.

Q. And who was president while Daniel F. Lewis was secretary and treasurer? A. I know that Mr. William H. Hazard was; I forget whether there was anybody before him or not.

Q. Do you know anything about how the first \$2,000,000 of the stock of the company was issued? A. I was the accountant of the Railroad Commission and made an examination of that company in 1885; I think I have a copy of it, and I think my report to the State was that it was all issued at par; I am quite sure it was; all issued at 100 cents on a dollar; I have the report at home.

Q. And cash paid in for it? A. Cash paid in, except in two instances, where a dividend was declared from the surplus; that was paid from the stock.

By Mr. Nixon:

Q. You say you made a report? A. In 1885, yes, sir.

Q. Have you a copy of that report? A. I think I have.

Q. Does that go through from the formation of the corporation? A. Yes, sir.

Q. Up to the time you were secretary? It goes through from the formation of the company until 1885.

Q. It starts with the formation of the parent plant? A. Yes, sir; and then I did not come into the company until 1887.

By Mr. Wade:

Q. Does that show the cost of construction? A. Everything in my examination there is perfectly straight.

Q. Now, recently, have you petitioned the Railroad Commission to investigate the affairs of the Traction Company? A. I have.

Q. How long ago? A. I think it was last November, if I recollect right.

Q. Have you read the report that was made by the accountant?
A. Of the commission?

Q. Yes, sir. A. Yes, sir, I have.

Q. The accountant was Mr. De Freest? A. He was the secretary of the Railroad Commission; I believe he was the man appointed to make the examination; so he says in the report.

Q. Were you satisfied with that report? A. I was not.

Q. Wherein did you think it was inaccurate? A. That is a long story.

By Mr. Nixon:

Q. What is that? A. It is a pretty long story, but I can tell you.

By Mr. Wade:

Q. That is what we are here for. A. To begin with, one of the most vital questions I asked in my complaint has never been answered by that commission; can I look at it for a moment so I can tell you?

Q. Yes. A. I have not a copy with me.

(Witness handed report of Railroad Commissioners, dated December 10, 1894, entitled "Report in the matter of the examination of the books and accounts of the Brooklyn Heights and Brooklyn City Street Surface Railroad Companies of the city of Brooklyn.")

Q. Now, if you will go on with the statement; you said there was one question which you asked which the Railroad Commission did not answer at all; one you regarded vital? A. Yes, sir; I asked here: "As to repairs of rails after laying; to charge main-

tenance to construction account is so much water, and when you inventory road, you will find construction account debited with more than inventory; if everything is taken at cost, road once constructed and equipped must be kept up to cost by repairs charged to operating expenses; but if renewals and rebuilding are charged to construction, that account will finally be debited with more cost than stock outstanding, and if stock is increased to balance that, an inventory of road and equipment will show prices paid double of what it could have been furnished for, and stockholders will find that they do not own as much property as they had been led to believe by published reports;" the repairs of rails after laying is a question the commission did not answer; I wanted to know whether the charge of repairs was any proportion of these kinds of construction, that is, reconstructing roadbed, altering depot, altering horsecars into electric cars, was any proportion of these kind of expenditures charged to operating expenses; in the above payments for reconstructing roadbed, is there included any payments for repairs of tracks after rails were laid; that question was not answered; I claimed I wanted to have that question answered, for if construction was finished, operation and repairs of rails and roadbed after construction was closed, should have been charged to operating expenses; that being done, the charge of repairs necessary on this construction would have reduced very materially their income account so they could not have shown enough money to pay rental and pay 10 per cent. on rental of lease lines to the Brooklyn City road; that question the commission do not answer at all.

Q. You maintain that all the expense of repairing rails and tracks after the road was put in operation should go to expense account and not to operation? A. Yes, sir; undoubtedly so, because the road would be turned over for operation; if the repairs were charged to construction and it would leave so much more surplus to be divided from and make a dividend from; but if the repairs are charged legitimately to operating expenses and deducted from the earnings, it would decrease the sum from which the dividend could be declared.

Q. Instead of being charged to expense, if they are charged to construction account, and receive a corresponding credit, and show so much more money in the hands of the road? A. No; it was charged to the construction account, and thereby used up the capital, but the earning account would be larger and showed they had done better business, and therefore they were earning more money on which to declare dividends; I claimed if the repairs were charged to repair account, if such was the case, and I asked the question and it was not answered, then the net earnings of the company would have been so far reduced as to have forbidden a dividend.

Q. Let me ask you here whether a careful examination of those books by an expert would disclose that fact? A. Yes, sir; undoubtedly so; I can not tell; I asked the question and expected the commission, in their examination, would answer it, but they did not do it; an inspection of the books would show that.

By Mr. Nixon:

Q. An inspection of the books of what company? A. An inspection of the books of the Brooklyn City; another point: the commission allows them to charge dividends to construction.

Q. Who allows them to charge dividends to construction? A. I will explain that to you; as the Railroad Commission shows it; I make this claim in my paper: "Interest charged to construction, \$152,345.78, \$117,619.67 of which is in 1893 report, page 720 of Railroad Commissioners' Report; this is not a proper charge here, but should be charged against income; there was plenty of capital stock and bonds on hand, and money was borrowed to save interest, as loans could be obtained at 4 and 5 per cent., while dividends on the stock would have been 8 per cent.; certainly, if the stock and bonds had been issued, dividends on stock and interest on bonds would not be a proper charge to construction; no such practice obtained with this company in former years; all payments of interest on floating debt were charged against income, and would have been in this instance had not my figures been reversed; in the report to your board for quarter ending

September 30, 1892, made by me as secretary and treasurer, I charged against income an estimated amount for that quarter for interest on loans; in the report for quarter ending June 30, 1893, made under oath by my successor in office, Mr. Bogardus, my charges were reversed by saying 'improperly estimated,' but no explanation was offered as to why, and as I made my report under oath, and still adhere to the correctness of that report, I respectfully request that your honorable board take measures to set this matter right;" their reply to that is (I will read): "Interest and discount charged to construction;" this is from the account of the Brooklyn City Company appears a charge of \$152,345.78 interest and discount; this amount includes an item of \$90,000 part payment of a dividend on stock, and the entire charge is criticised by Mr. Thompson; in the book of instruction, entitled "Explanations for Guidance of Railroad Companies in Making Reports to Board of Railroad Commissioners," prepared by Mr. Thompson, and issued when he was the accountant of this board, appears a direction as follows: "All interest and discount paid in obtaining funds for construction should be charged under this heading and not prorated through the various other items;" I wish to say here, when I am through with this explanation, I will say why that was done; in the blank, also prepared by Mr. Thompson, for making annual reports, this line appears under this heading "Cost of road, viz.; interest and discount charged to construction;" this was a notification to the companies reporting to this department that there could be such a thing as interest charged to construction upon money borrowed for the purpose of bettering the road, and it has been the custom of this board to accept such reasonable charges as have been made by other roads on this account without question; in the case of the Brooklyn City Company, its directors were borrowing money for construction during the whole period of the conversion of the road from horses to electricity, pending the issue of stocks and bonds, the proceeds of which were finally to pay for these conversions; I think, under the circumstances, the item of \$62,345.78, was, therefore, a proper charge; the item of \$90,000

was credited to income in the annual report for the year ending June 30, 1893; it was also debited to income as a payment of dividend, and the change in the disposition of the account was made in June, 1893, by the board of directors of the Brooklyn City Company, after an examination of the accounts of the company by the executive committee, and a full report to the board of directors recommending a number of changes which were at that time made, and which appear in the totals of the annual report to June 30, 1893; the explanation of the \$90,000 charge given by the company is that at the time the money was obtained, on account of which the interest charge was made, the company was in need of funds to continue its work of conversion; the country was passing through a season of financial depression; the company could not borrow money except on a demand loan; therefore, stock was issued which became entitled to dividends, although the construction, on account of which the money was expended, was earning nothing; if the company could have borrowed the money, it would have done so, and would have paid a comparatively small rate of interest, and the directors believed they were justified in charging to construction the difference between the amount of interest they would have paid on a loan and the dividend paid on the stock; the question raised by this criticism seems to be one of financial policy rather than of book-keeping, and I submit it to your board without comment..

The resolution of the board indorses that charge to construction. "Resolved, That the report of the secretary of this board, in relation to the Brooklyn City and Brooklyn Heights Railroad Companies, and the Long Island Traction Companies be, and the same is hereby accepted, and its conclusions and findings concerning the accounts of these companies approved."

That leaves the fact clear that the Railroad Commission allowed dividends to be charged to construction, a thing that was never done in the four years that I was on the commission; we never had such an application and we never would have allowed it.

By Mr. Nixon:

Q. When were you accountant for the Railroad Commission?

A. From 1883 to 1887; four years; from its commencement; when I became the accountant, and going over with the board the question of having reports made in a general way from all the railroads in the State, so as to conform to a regular account, as there was none prior to that, I got up a form for steam and horse road blanks, and they were approved by the board, and issued to the railroads of the State with a book of explanations as to how to make out that report, written by me; I found in making examinations of the railroads through the State that there had been a practice in vogue of charging discounts on bonds issued for the purpose of construction, to the various construction accounts, prorating it under the various heads; for instance, cost of rails and buildings, and real estate, etc.; they would pro rate the interest so I would have to dig it out; in making this report we wanted it so as to put it on file in 1883; I put that in the book for the purpose of asking the railroad companies to put that into a separate place, not that it gave them a right to charge, but that we might know, without going into all those accounts, how much discount was paid for running the road; when I was examining the elevated roads in New York city I found a discount of $87\frac{1}{2}$ per cent.; I got it together and put it in there; that interest and discount, charged to construction, was put there for the purpose of saying to those people, if there is anything of the kind you have charged to construction there, is to give the other items separately and this separately, so that the board, if they want to, can under this head, call them up; I made these reports and put them on file in Albany, so that if these questions came up we could tell how much discount had been dumped into the construction account; that was the reason; now, whoever wrote that, if they had been fair with me would have quoted my entire article; I have not a copy here; but it commences with the form that all charges to this account must be for new work only, and no other charges should be made unless given to the various other accounts.

By Mr. Wade:

Q. That was the blank you got up? A. That was the blank, and the book of instructions; if I had know I was to be called upon I would have had one here, which would give you an idea why this was put in here as evidence given in here, showing I had countenanced this thing, which I had never done, and the board of commissioners, composed of Messrs. Kernan, Rogers and Donnelly, never allowed it; they did allow, in case of new construction when a road was about to be built and going through the country and calling on villages and towns for help, to issue bonds on those; to issue bonds; they would allow a small discount on those bonds; those were all submitted to them for approval or disapproval, and you will find it on the record; the question of allowing this dividend to be charged to construction it is not the desire, certainly, of the managers of railroads in this State, whose stock is invested in by capitalists, to have any doubt placed on their reports; by their reports they judge somewhat of the value of their road; that being the case, if this committee will allow this company to charge this to construction, it will make a precedent allowing any company to do that, and therefore it will create a mistrust in the minds of the public as to whether the report is correct or not; as soon as they see that, they say, "if the commission will allow a charge of that kind to capital account," they will say, "how do we know whether the rest is correct or not?" I should not suppose it good policy, if nothing else, to allow a railroad company to flood its construction account with interest and building; if that was carried on long enough it would wind up the capital and the road would come to naught; to carry that on, and you absorb the capital and make the cost of the road perfectly immense.

Q. Your report would show an enormous amount of stock that did not exist at all? A. Yes, sir.

Q. When a dividend is paid it is not an asset of the company? A. No, sir.

By Mr. Nixon:

Q. Was it not supposed the Railroad Commission at that inspection, had put an expert on these books? A. No, sir; they sent Mr. De Freest, I suppose; he is not an expert, as I understand it; I do not think he is an expert bookkeeper; he is decidedly expert as a politician, I have heard.

By Mr. Wade:

Q. If a 10 per cent. dividend was paid upon the capital stock of the Brooklyn City road, and charged to construction account, it would make that construction account stand \$1,200,000 higher?

A. Every year.

Q. Every year? A. Yes, sir.

Q. Without adding a single thing to construction? A. Yes, sir.

Q. Without, in fact, adding anything to the construction of the road? A. Yes, sir; just simply placing in an untruth.

By Mr. Nixon:

Q. Didn't you charge that the improvements and in changes made from horsecar lines to electric lines, that the expenses made by this company were extraordinary and enormous? A. Yes, sir; I asked the question: "Reconstructing roadbed, etc., \$1,184,557.29, and for same purpose in 1893 report, page 721 Railroad Commissioners' report, \$1,044,511.90. Altering depots, \$117,012.75. Altering horse cars into electric cars, \$327,372.02. Was any proportion of these kinds of expenditures charged to operating expenses? * * * As this road was fully constructed and equipped before the change from horse to electric power, and the cost thereof charged to construction and equipment, paid for from proceeds of stock and bonds, it is not proper under a simple change of the motive power, to charge the entire cost thereof to construction and equipment. If the horse power had been continued, the cost of relaying worn-out tracks and replacing worn-out equipments would have been charged to operating expenses as repairs, the company having earned its profits out of the capi-

tal originally invested. Therefore, capital account should be charged only with betterments of the new road over the old, and all new work pertaining to electric traction exclusively and the balance should be charged against earnings as repairs." I claimed there was a certain proportion of the expenses that should be charged against earnings and a certain portion to capital.

Q. Divide them? A. Just before I left the company I had the trackmaster make up a statement of just what he was doing on one line, the Court street line, taking from him the report of the life of the rail, how long it had lived, and so forth, old timbers taken out and new ones put in — there is a certain life in that road if it is left alone, and in running horse cars over it might have lasted three or four years, and not a dollar spent; therefore, in taking that up and throwing it away and charging the entire thing to reconstruction you have been reducing the Brooklyn road, and then you have the alterations charged on top of that, so you have a road charged up perfectly enormous for what you have got.

Q. Would it not be proper in charging the changing of your road from horse car to electric line, to charge what you received for what you sold to what you replaced it with? A. If that was done, you would not receive very much.

Q. That should be credited to your construction account, should it not? A. The way I arranged that with Mr. Swin, the assistant secretary at that time, and I understood he followed it after I left, when we were constructing the Court street line I had a statement made by the trackmaster in which he showed me in what was taken up the life of the rail, and so forth, and what was left, and the new work put down; in taking up the pavement to a track in order to put down a wire, to run the new system, that would be a charge against the new system, because it was absolutely necessary; whenever a road is finally constructed, that ends it; and whenever that rail is worn out the new rail would be charged to repairs, the reconstruction account standing still; here is a new system going into account, and they take up the old ac-

count maybe for five years, and charge the entire cost of that old rail; really, there is a charge of repairs there, because the expenditure already made has been already charged to construction; in order to get at that nearly as I could, I made a rate of percentage as to the cost of the line on Court street, what they took up and the new work put down, and what charge to construction and what to repairs, and as that was going to run through three years, as we estimated, we opened an account on the books of the Brooklyn City to show what these expenses were, and each year we were to charge a certain proportion to repairs and the balance went directly to construction when it was done; that, I understand, was discontinued, and the entire cost of this reconstruction was charged against reconstruction account, which I hold, is not correct; if my view is correct and those earnings should have been charged with the cost of the new work, it would have cut the income down so they could not have begun to pay 10 per cent. dividends on account.

Q. You mean the original 10 per cent. on the original account?

A. Yes.

Q. Leaving nothing for the Brooklyn Heights or the Traction Company? A. Yes, sir.

Q. I see your idea; your idea is, that the reconstruction of the roadbed, having become practically worn out, that when you replaced your old construction with new construction, you should charge that to repair account, because you charge the original to the repair account? A. Yes, sir; now, if you keep on, you have got a road of three or four times the value of your stock; then people will say, how could this be; then it is proper for an application to the Railroad Commissioners for an increase of stock; the earnings of the road — when you reach a large enough figure to ask for an increase of stock you will get an increase of stock for that amount, and the surplus belongs to the stockholders.

Q. That is one way of getting around the 10 per cent. dividend?

A. No, sir; the surplus is really a part of the property of the stockholders; it is the surplus over 8 per cent.

Q. This is a dividend? A. Yes, sir; and it must be an actual dividend; the Brooklyn City is just going to divide now some of that surplus, as I see by the papers; and so it did while I was there, divided 2 per cent. among the stockholders.

Q. You declared that as an extra dividend? A. Yes, sir.

Q. Charged directly to surplus account? A. Yes, sir; as I say, when I left the company, that was the property of the stockholders to be divided whenever the directors might so elect, whenever the expenses reached a sufficient amount to ask an increase of stock, that was obtainable from the commission.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

Henry M. Thompson, recalled, testified:

By Mr. Wade:

Q. During any of the time that you were secretary and treasurer of the Brooklyn City Railroad Company, were any of the dividends declared charged into the construction account? A. Never; nor interest either.

Q. And none of the interest paid upon any of its indebtedness? A. Not any; never.

Q. Have any of the dividends since that time been charged in the construction account? A. According to the report of the Railroad Commissioners; yes, sir.

Q. Can you state to about what extent? A. Their examination shows, I think, it is \$90,000, stated in that report; that is the only thing I can go by, is their investigation.

Q. An examination of the books of the Brooklyn City Railroad Company would disclose what items, if any, of interest, and what items, if any, of dividends, were charged to the construction account? A. It ought to, and I have no doubt that it will; it will, undoubtedly; the books will show that.

Q. And will the books of that company disclose the amount

which was actually paid and the manner in which it was paid, of each of the smaller roads taken into that company? A. It will show the amount that was paid for the capital stock and the assumption of the mortgage debts, I think, by a very large journal, entry made by myself, occupying some number of pages in the journal; it will show the particulars as to the various items, what was paid for, and what was gotten and what was paid for.

Q. Do you know anything about any litigation, Mr. Thompson, between the Brooklyn City Railroad Company and any other system here in Brooklyn? A. Of what nature?

Q. Is there any such a system as the Flynn system? A. I believe there is.

Q. Has there been any litigation between those two? A. That I could not answer, only from what I have seen in the newspapers; I believe there is some litigation, but the nature of it I do not know.

Mr. Trull.— Mr. Wade, I will give you copies of the pleadings in the three actions, if you like.

Mr. Wade.— All right.

Q. Are you familiar with the proceedings by which a receiver was appointed of the Long Island Traction Company? A. I am not.

Q. Did you obtain information upon that subject? A. Never; only from what different people may have said; I know nothing about the nature of it officially.

Q. You knew that such a step was taken? A. Yes, sir.

Q. And did you know of the fact that the receiver issued a quantity of receiver's certificates? A. It is so reported; I do not know it; only from what I read.

Q. And that those certificates were taken or purchased by the Brooklyn City Railroad Company? A. That is my understanding of it; I do not know anything about it personally.

Q. Did you learn the amount of the receiver's certificates? A. No, sir.

Q. At that time were you a stockholder in the Long Island Traction Company? A. When the receiver was appointed?

Q. Yes, sir. A. I rather forget.

Q. Tell us, if you can, when you parted with your stock in the Long Island Traction Company? A. I do not think — it must have been last winter some time that I finished up and parted with the last of it.

Q. Do you know whether or not the stockholders were called together to consider the appointment of a receiver? A. I do not; I never heard of it.

Q. Or whether they were consulted in reference to that? A. I never heard that they were.

Q. Were you a stockholder when the stockholders' meeting was held to consider the subject of organization? A. Of the Long Island Traction Company?

Q. Yes, sir. A. No, sir.

Q. Do you know anything about that meeting? A. No, sir; only what I read in the newspapers.

Q. Did you ever attend any stockholders' meetings of the Long Island Traction Company? A. I never did.

Q. Did you ever receive any information as to what was done with the \$4,500,000 of money that was paid into the treasury of the Long Island Traction Company on the sale of its stock at 15 cents? A. Only through circulars that I received as a stockholder, that \$4,000,000 of it was deposited with a certain trust company as a trust fund; the other \$500,000 I know nothing about.

Q. Has that been, on your part, a subject of some inquiry on the part of the stockholders, what became of that \$500,000? A. It has been; yes, sir; I have heard the question asked, but I know nothing about it.

Q. Have you talked with other stockholders on that subject? A. Yes, sir; at different times; here and there.

Q. Have you ever found any of them that had any information that they disclosed to you of what became of that \$500,000? A. I have never heard anything of it.

Q. Do you know that there has been some effort by some of the

smaller stockholders to find out about that? A. I do not know what course was taken; I know some of the smaller holders were anxious about like myself, but did not take any steps in it.

Q. When you availed yourself of the privilege of buying three shares of the Long Island Traction Company's stock for one that you held in the Brooklyn City, did you have any information that that \$500,000 was to be expended in any given way? A. Not that I recollect.

Q. You did not understand, then, that it was to be absorbed in the purchase of the Brooklyn Heights stock and defraying expenses of the organization of the Long Island Traction Company? A. I may have thought of it; I did not get any definite information as to that point.

Q. Did you understand that it was to be so used before you took stock in the Long Island Traction Company? A. No; I do not remember about that; I got a circular, I think, stating the advantages of the Brooklyn City stockholders taking this stock to the extent of three shares for one, at 15 cents on a dollar, but I do not think I saw anything with regard to what was going to be done with the balance of it.

Q. I show you a circular addressed to the stockholders of the Long Island Traction Company, dated June 25, 1895, signed by Frederick P. Alcott, Roswell P. Flower, Anthony J. Brady, John G. Jenkins, George W. Young, Marshall S. Driggs, Alfred J. Pouch, committee, and ask you if you received one of those circulars?

(Paper shown witness.)

A. My impression is that I did; I had two circulars that I received the other day addressed to me, and I would like to explain the fact that my name must have remained upon the Traction Company's books as a stockholder, in order to receive these, which occurs from the probable reason that when my stock was sold and indorsed in blank it has not been transferred to the buyer.

Q. Do the by-laws of the Long Island Traction Company provide that the stock can not be transferred without appearing on

the books of the Long Island Traction Company? A. I never saw any.

Q. You recognize that as one of the circulars sent out? A. I am very sure that that is one.

(Circular received and marked Exhibit 3.)

Q. I now show you a printed agreement unexecuted, bearing date the 25th of June, 1895, in which Messrs. Alcott, Flower, Brady, Jenkins, Young, Driggs and Pouch, as a committee, as parties of the first part, and the stockholders of the company as the second part, and I ask you if you have been furnished by the Long Island Traction Company, with a printed copy of that contract?

(Paper shown witness.)

A. I have not.

Q. You have not? A. No, sir.

Q. Have you seen one of them before? A. I never saw one of them before.

Q. This is an agreement furnished to me by Mr. Auerbach, and I want that marked in evidence.

(Received and marked Exhibit 4.)

Q. And also a printed copy of an unexecuted agreement, called a voting trust agreement.

(Received in evidence and marked Exhibit 5.)

Q. Now, is there anything else in connection with this company, of which the stockholders have complained, upon which you can give any testimony? A. There has been a general complaint amongst people about the large expenditure of money for changing power, and from the general management of the road in the last year or two.

Q. What was formerly the salary of the president and general manager? A. When I was there?

Q. Yes, sir. A. The salary of the president was \$15,000 at the time I left.

Q. You say they had no office of general manager at that time? A. No, sir; the president performed all the duties.

Q. For \$15,000? A. Yes, sir.

Q. And have you known what it was since that time? A. No, sir.

Q. Did you ever know what the salary of the president and general manager of the Brooklyn Heights Company was? A. No, sir; nothing I could say I know positively.

Q. When you were secretary and treasurer of the company, Mr. Thompson, in making the reports which you made to the Railroad Commissioners, what salaries did you include under the title of salaries of general officers and clerks? A. I can give it definitely from the books, but I can not give it positively now; I think the president, the secretary and treasurer, and I think clerks in the office; I can not be certain, but, of course, it included the president and secretary and treasurer, but I do not remember whether we put the general superintendent in there or whether it was included in general superintendent in some other place.

Q. I have here a report of 1894, of the Brooklyn Heights, that shows salaries of general officers and clerks, \$85,573.56? A. I could not tell you how that is made up, for I was not there.

Q. I did not know but the general system adopted might enable you to tell me what officers and clerks were probably included within that amount? A. Over here you will see here another place, officers and clerks, \$38,500; clerks from twenty-five to thirty-five hundred; the general officers in my time were added together.

Q. They are, evidently, there? A. Probably; consisting of president, secretary and treasurer, and probably of the general managers which we did not have at the time I was in there.

Q. While you were in office was it the habit to charge repairs to construction account? A. No, sir.

Q. They were all charged to expense account? A. Always.

Q. Can you tell the committee what the dividends were declared by the Brooklyn City Railroad Company from year to year while you were secretary and treasurer? A. Eight per cent.

Q. Every year? A. Yes, sir.

Q. In what form was that declared, an annual dividend or a quarterly? A. Quarterly.

Q. Two per cent. each quarter? A. Yes, sir.

Q. And during the same time maintained the road, charging up repairs and interest to expense account? A. Yes, sir.

Q. And betterments to construction account? A. Yes, sir.

Q. And at the end of that time had a surplus of \$800,000? A. About that amount.

Q. Do you remember what the surplus was when you became secretary and treasurer in 1887? A. I can not give you the amount without looking at the books.

Q. Did it increase from year to year? A. Oh, yes; it increased until it reached the largest point, I think, about the time I left; about \$800,000; I do not think it was over that.

Q. Could you approximate it at the time you became secretary and treasurer? A. I could not.

Q. Do you know it was much smaller than \$800,000? A. I can not tell you; I can look at the Railroad Commissioner's books and find that out.

Q. In the complaint which you made to the board of commissioners, October 15, 1894, you stated the amount of rentals, \$1,434,041.50; that you got from their reports? A. Yes, sir.

Q. And you say no details to show what is included in this? A. Yes, sir.

Q. And it is at variance with page seven of the Brooklyn City Railroad Company's reports, as to rentals received? A. Yes, sir.

Q. Explain that to the committee; I have here the railroad report? A. The railroad report of the Brooklyn Heights showed amount of rental, but which the Brooklyn City report showed a different amount received; and that was explained, as the Railroad Commission say there, by the lapping of the time from the 30th of June to the 30th of July, when these rentals were paid, but I held the amount of rentals paid for the year should agree with those received by the Brooklyn City; which I understand was afterwards corrected.

By Mr. Nixon:

Q. One was the lessor and one the lessee, and the quarterly reports should agree? A. Yes, sir.

By Mr. Wade:

Q. Do you remember what the discrepancy was? A. Something like two or three hundred thousand dollars, I understand.

Q. You also say, all other fixed charges differ in large amounts? A. That was the case; in the lessor and lessee's reports, they did not agree with the amounts paid by one and received by the other; that was merely the facts to call their attention to our usual custom and the rule of the commission that those should agree as received by one and paid by the other; that, I understand, from the commissioner's report, was rectified; that was not a question of anything wrong in the case, but so people who looked at these points would understand as to the payment and receipts from one company to the other.

Q. You found by the report of the Brooklyn Heights Company, that they had credited some accounts with \$11,160 for renewals of horses? A. I think from the Brooklyn Heights, or was it the Brooklyn City.

Q. It does not say; I judge the Brooklyn Heights because they had charge of the thing? A. That is a charge of \$11,000 for renewal of horses; it is a charge on operating expenses for renewal of horses; that was a question I asked, do the horses on hand show 4,648 horses on hand, and they were going to change the power of the road, that few, if anything was necessary for operation by horse-power; the horses must have been sold or worn out, and no expenditure of capital was necessary to keep up stock; that being so, this account should be charged with a certain depreciation from invoice price, or else large earnings would be derived from motive power which costs nothing; that is a claim by the commission in the way the horses were disposed of; the horses were sold; I know nothing about that, except from the books; the books will show that story all the way through.

Q. Is there any other item in your complaint other than what you have spoken of with which the Railroad Commission did not deal? A. No, sir, there is not; the question of repairs of rails after construction, was the main thing; one of the vital things I wanted to get at, and if it was so charged it was wrongly charged

so as to swell the income account from which dividends could be declared; the question of repairs to roadbed, \$141,570.53, is certainly large repairs for repair of a road, the larger part of which had been laid out about one year, and the cost of which was so large as to warrant the belief that it was an extraordinary well built road, and that no repairs of consequence would be required for a least five years.

By Mr. Nixon:

Q. That refers to the Brooklyn Heights? A. That refers to the Brooklyn City; the Brooklyn Heights report of the Brooklyn City, their own road.

By Mr. Wade:

Q. That is a copy of the complaint which you made to the Railroad Commissioners and that their report after whatever investigation they gave the subject? A. I guess it is.

Q. I want to mark it in evidence, if it is? A. This is a reprint sent with the compliments of the Long Island Traction Company; I presume it is a copy; I never copied it so I can not tell you.

Q. Have you got one that you received from the Railroad Commissioners? A. Yes, I think I have; there is one which I received from the Railroad Commissioners; I presume it is the same thing; undoubtedly the same thing; the Railroad Commissioners kindly sent me a half dozen copies of it and I will give you that; I have got more.

Offered and received in evidence, and marked Exhibit 6.

By Mr. Nixon:

Q. Mr. Thompson desired to explain something in regard to a book of instructions while he was secretary for the Railroad Commission; he claimed the Railroad Commission taking an extract did not copy the whole of the instruction, and consequently he would like to give that to the stenographer. A. Here is a copy of the railroad book of instructions made by me for the Railroad Commission; from this book the Railroad Commission reports, in the book of instructions, entitled, "Explanation for guidance of rail-

road companies in making reports to Board of Railroad Commissioners," prepared by Mr. Thompson, and issued when he was accountant of this board, appears a direction as follows: "All interest and discount paid in obtaining funds for construction should be charged under this heading, and not prorated through the various other items." In the blank also prepared by Mr. Thompson, for making annual reports, this line appears, under the heading "Cost of road," viz.: "Interest and discount charged to construction;" this was a notification to the companies reporting to this department that there could be such a thing as interest charged to construction upon money borrowed for the purpose of bettering the road, and it has been the custom of this board to accept such reasonable charges as have been made by other roads on this account without question; in the case of the Brooklyn City Company, its directors were borrowing money for construction during the whole period of the conversion of the road from horses to electricity, pending the issue of stock and bonds, the proceeds of which were finally to pay for the conversion; I wish to call attention that this quotation made from cost of road equipment of interest and discount charged to construction, as I explained this morning, that whoever wrote it were probably not familiar with the old railroad account of this State in charging those items to construction, and prorating them through the various items of construction; in order that they should be placed on a footing where the commission could decide what should be allowed and what not, that item was put in; but if he had quoted the first article under the "Cost of road and equipment" in my book, which reads: "No expenditures should be charged here unless it be for actual increase in construction or equipment on lines owned; in cases of renewals or repairs, when expenditures are incurred beyond what is necessary to make good any depreciation of road or equipment, such extra expenditures should be charged to this account." Then, if he had quoted that, he would see that no expenditures should be charged there in the shape of interest and construction; but this was put in, as I explained this morning, this was put in

there to show the commissioners whatever they had charged or might charge for construction should be placed under this heading instead of prorating it through the various construction and equipment items, as had been the custom heretofore, and then it rested with the board as to how much they would allow to be charged to construction account; that is the book that was issued by order of the Board of Railroad Commissioners at that time, and from which that quotation is made, and if they had quoted the whole article I should not have complained, but to quote part of it, it is misleading; I also explained to you this morning about this \$90,000.

Q. Yes.

By Mr. Nixon:

Q. Did you bring a copy of that report you made on the Long Island City Railroad, previous to the time you were in its employ as secretary and treasurer? A. I have just one; but Mr. Lewis said this morning, I think, that he had a lot of them at this office.

Q. If Mr. Lewis had a copy we can get that.

Mr. Lewis.— You can give them that and I can mail you a copy.

Mr. Nixon.— We can just as well wait and get a copy from Mr. Lewis.

A. That was a report made by me from the organization of this company up to 1885.

Q. Does that cover changes in the amount of capital stock of the company from time to time? A. From time to time, up to that time; up to \$2,000,000 only.

Q. It does from its inception up to that time? A. Yes, sir.

Q. You have gone on from that time to date? A. Yes, sir.

Q. In that report does it cover the original cost of the construction of the road? A. Everything from the beginning right up.

Q. What is the cost of construction of a mile of railroad, taking the average mile of railroad; for instance, in this road; what would, by your idea, taking into consideration your switches

and cars and power stations and so forth? A. For electric purposes?

Q. Yes; what the roads are now principally? A. I should think the very outside figure would be \$15,000 a mile for road construction.

Q. For road construction? A. Yes; at the present price of iron; iron is selling now for \$22 a ton, and from that to \$25; it is very cheap.

Q. When you were secretary of the Brooklyn City Railroad Company how many actual miles of railroad had they in operation? A. When I left the company?

Q. Yes. A. I declare I can not think now; I think there was about like 80 miles of track; I think something like 40 odd miles of road, double track; something of that description during my time; just when I left I could not say without looking at the book; I could answer these things very correctly for you if I could have the data to look at; I think I am right about that, but I am not sure; it may be a little more; somewhere around 50 miles, I guess; no, there must have been more, because we took in those lease lines.

Q. What was customary to do with the surplus of these roads, that accumulated from year to year? A. It went into the general fund, and used for any purpose desirable.

Q. During the time you were secretary were any extra dividends declared out of the surplus funds? A. Yes, sir; there was one declared on the capital stock of the \$2,000,000; I think the first just after I went there, on the first increase of stock of \$1,200,000; that increase was used to pay floating debt of \$800,000; and \$400,000 was used to pay out extra dividends of 2 per cent., I think; I think that is right.

Q. That brought the dividends that year up to 10 per cent.? A. Yes, sir; but that was the surplus that had accumulated out of the surplus that had accumulated for years.

Q. Yes, I understand that.

By Mr. Wade:

Q. By this book it appears that the amount of capital stock of the Brooklyn City Railroad Company from 1854 to 1858 was \$1,000,000? A. Yes, sir.

Q. Did it continue at that down to 1866? A. Eighteen hundred and fifty-four to 1858; yes, the next increase was October 11, 1866; those are the dates of the increases just as they occurred, as I took them from the books.

Q. That is an increase of \$500,000? A. In 1866?

Q. Yes, sir. A. Yes, sir.

Q. And the surplus used to pay for it? A. Yes, sir.

Q. And the stock divided up among the stockholders without their paying anything? A. It is mere equivalent.

Q. Yes, but it does not show on the books as dividends? A. I do not remember.

Q. "October 11, 1866. By resolution of board of directors stock was increased \$500,000, charged against accumulated surplus and divided pro rata among the stockholders?" A. Yes, that is right.

Q. Now, would that enter into the dividend account? A. Let me see.

Q. If it did there is 50 per cent. dividend? A. Yes, that is right.

Q. You see on the next page it did not do that? A. It is charged direct surplus, and deficiency account.

Q. It was equivalent to a dividend among the stockholders in 1866, of 50 per cent.? A. That is right.

Q. And to be added to that 50 per cent. the premium on the stock was received? A. At that time; I do not know what it was.

Q. If any premium; August 8, 1872, it was increased \$250,000? A. Yes, sir.

Q. "By resolution of the board," etc.; was that done in the same manner? A. I think so.

Q. Your report stops right there? A. I think that was meant to cover the same thing; that was done the same way, I guess.

Q. And again, "August, 1872, to May, 1873, subscriptions at par in cash," it was increased \$250,000 more? A. Yes, sir.

Q. And that increase was paid for at par? A. Yes, and the other was equivalent to par.

By Mr. Nixon:

Q. Does your report show the market value of the stock at that time? A. No, I think not.

By Mr. Wade:

Q. And the total amount of outstanding stock September 30, 1884, was \$2,000,000? A. That is right.

Q. And at that time there was an outstanding indebtedness of bonds, loans and including the surplus of \$1,964,277.30; you add those four together and see; there is part of it on the next page? A. Surplus, loans outstanding, \$500,000; first mortgage bonds, \$800,000.

Q. There is \$300,000 more? A. I see; but that is surplus; but the indebtedness of the company then was loans, \$500,000; mortgage bonds, \$800,000.

Q. There is \$300,000 more? A. That is paid off.

Q. Yes. A. And \$2,000,000 stock, \$3,300,000 in stocks and bonds.

Q. From 1855 to 1857, there were dividends declared at 8 per cent. per annum, as shown by this report? A. Yes, sir.

Q. From 1858 to 1862, what were they? A. Eight per cent. on \$1,000,000; and in 1863, 9 per cent.; 1864, 8½ per cent.; May, 1865, 10 per cent.; part of 1865 and 1866, 12 per cent per annum.

Q. That was the year you knew they divided up among themselves in stock \$500,000 surplus? A. Eighteen hundred and sixty-six; yes, sir; November, 1866, to April, 1872, 12 per cent. per annum.

Q. And during that time they divided up \$250,000 more? A. No, sir.

Q. There is two items—the first one \$250,000? A. The second

is \$250,000, August, 1872; July, 1872, to April, 1873, 12 per cent. per annum.

Q. And during that time, in addition, to that, they divided up in stock \$250,000 of the surplus? A. Yes, sir; July, 1873, to February, 1875, the percentage is not given on that \$2,000,000.

Q. Per annum? A. Yes, sir; that was the time the subscription was going on and part of the stock was outstanding, and part of it had not yet been issued; that was the round amount, but I will give you that in the footing; April, 1875, to January, 1876, 14 per cent. per annum.

Q. On \$2,000,000? A. Yes, sir; 1876 to 1884, 14 per cent per annum on \$2,000,000; total dividends paid from the organization of the company to September 30, 1884 (that was from 1853), \$5,349,109.90.

Q. And there should be added to that \$750,000 which was divided up of the surplus in stock? A. Which does not appear here?

Q. Yes, sir; that is correct, is it not? A. I think that is correct; "Charged against accumulated surplus and divided pro rata among the stockholders, October 11, 1866, by the resolution of the board of directors, stock was increased \$500,000, and charged against accumulated surplus, and divided pro rata amongst the stockholders, \$500,000;" August, 1872, by similar resolution, I suppose, it was \$250,000; that is the total that appears upon the dividend account.

Q. Give me those figures, please; the total? A. Dividends, \$5,349,109.90.

By Mr. Nixon:

Q. For how long a period of time was that? A. From 1853 to September 30, 1884; 31 years.

Q. Total, \$6,099,109.90? A. Yes, sir.

Q. That should be increased by whatever the \$750,000 of stock issued in 1866 was worth above par? A. Yes, sir; that is right; that was a pure dividend; that was the same as a cash dividend, in other words, they gave the stock in lieu of cash.

By Mr. Nixon:

Q. During the time you were secretary of the Brooklyn City road, was any road built by that corporation? A. The road from Thirty-ninth street ferry to Bensonhurst, about seven miles of double track, and a little extension from Ridgewood to Richmond Hill, about four miles of double track.

Q. That was all of it? A. I think there was a little extension on Flushing avenue, a very short extension of a very small amount.

Q. Those franchises were given to this corporation, were they not, at that time? A. The franchises for the —

Q. The franchises were not sold at public auction under the Cantor act? A. The Thirty-ninth street franchise was sold.

Q. What did it cost? A. A percentage of the gross receipts, or something of that nature.

Q. You say this franchise was sold upon a percentage basis? A. I think so; that is my recollection; I can look that up; one-eighth of 1 per cent of both roads.

Q. That franchise was put up at public auction, I suppose? A. Yes; it was bought in; I forget how that franchise was bought; I think it was bought by the old company; I think this company acquired it; the Brooklyn City Company acquired the franchise from the South Brooklyn Railroad, or something like that; they were the original ones that acquired the franchise, and we got it from them under whatever franchise they got from the city.

Q. Do you remember during the time you were secretary as to the amount of the assessment per mile made by the city assessors on your corporation? A. I could not tell you without looking.

Q. You could not tell what was the cost, what they considered the cost, the ratio? A. I could not tell you that.

Q. Could you approximate the ratio of the assessment? A. I can not.

Q. Was it 50 or 75 per cent.? A. I could not tell you without looking; I do not remember really how it was done.

Q. You have no idea of what the ratio of percentage of assess-

ments is in this city on property of any kind? A. Not now; I did have.

Q. What property did your corporation pay on in this city?

A. It paid tax on its capital and the tax on its earnings; tax on its dividends to the State, real estate and water taxes to the city, and car licenses to the city.

Q. Do you suppose you could ascertain what was the ratio of taxation, whether 50 per cent. or over of the franchise, or 75 per cent.? A. I could not tell without looking at my books, and seeing what was paid, and then seeing what our property was at that time; if I could see the vouchers I could tell exactly what it was.

Q. During the time you were secretary there were some bonds sold, were there not? A. Yes, sir.

Q. Were the first privilege of purchase given to the stockholders? A. Yes, sir; \$3,000,000 issued to the stockholders at par.

Q. What was the rate of interest upon the bonds? A. Five per cent.

Q. What could those bonds have been sold for at that time? A. I do not think for over par at that time.

Q. You do not think they could have borrowed that money for a less rate of interest at that time? A. Not at that time; we did borrow money; in connection with this charging of interest to construction, the commission, in its report, say the company was constantly constructing and converting the road from one power to the other, and they had the need of money; it was a similar transaction to the time we bought these six roads and borrowed the money; we carried loans for considerably over \$2,000,000; starting in at about 3 or 4 per cent., and running through a very tight money market, it increased the rate to 6 per cent.; we carried those loans along there and all those loans were charged against earnings; we never charged them to construction; when we got increase of stock from the Railroad Commission, we lifted those notes; this was a similar case.

Q. I notice in the charges you made to the Railroad Commission, you claim that in the changes made from the horse car to

the electrical system, that the expense of change is seemingly an unreasonable charge? A. Yes, sir.

Q. Do you think that the change made by this corporation, there has been an extensive use of the money of the stockholders?

A. Yes, sir.

Q. Do you think they have paid more for supplies of one kind and another than they should have? A. I could not tell; that is my impression; I stated in my complaint that the road, properly constructed and laid with good rails and equipped with good cars, practically a new road, would certainly have but very little repairs for five years after its construction; in this case, the repairs seem to commence almost as soon as the road was finished; and as regards that, the cost of the rail that was laid then was not as good as the old center-bearing rail which we used to run horse cars on, which was along on Flatbush avenue some time, and on which these cars run, and so much so this rail is found wanting, and they are going to use another.

Q. What kind of a rail have they been using? A. A box rail resting on chairs.

Q. Where was it manufactured? A. It was called the Lewis & Fowler girder rail, made by the Lewis & Fowler Rail Company.

Q. Some especial patent? A. Yes, sir; made at some railway mills in Pennsylvania, where they had no patent of their own.

Q. Who controls that patent? A. I understood the company.

Q. Which company? A. The Lewis & Fowler Girder Rail Company; so that that rail being found insufficient for the purpose, will be replaced by a nine-inch rail, spiked to the tie.

Q. You think you could go into the books of this company and determine all these questions, do you? A. There is no doubt about it in my mind.

By Mr. Wade:

Q. Who compose the firm of Lewis & Fowler? A. It was a corporation, I believe.

Q. What Lewis & Fowler were they? A. That was the title of the company.

Q. Who were the principals? A. They took that from the Lewis & Fowler Manufacturing Company, in which Mr. Daniel F. Lewis was one of the originals on his own account, in connection with Mr. Fowler, and afterwards incorporated and it carried the name of the Lewis & Fowler Girder Rail Company.

Q. Was there complaint among some of the people that in the reconstruction of this road the material was purchased by the officers of the Brooklyn Heights Company of themselves as officers of another company? A. There was a good deal of talk at the time.

Q. You understood the material was purchased of a concern in which Daniel F. Lewis was interested? A. Yes, sir; it was.

Q. I think that is all.

W. A. H. Bogardus, recalled, testified:

By Mr. Wade:

Q. If you kindly give me the date you became secretary and treasurer of the Brooklyn Heights Company again? A. I do not recollect the date.

Q. About the time? A. The date I became secretary the last time was October 2 of last year; I was secretary and treasurer before.

Q. You succeeded Mr. Thompson? A. That was the Brooklyn City Railroad; he had been gone a number of months when I went in the office.

Q. At the same time you went into the Brooklyn Heights? A. No, sir; not for a long time.

Q. You were in the office of the Brooklyn Heights during some of the period of the reconstruction of this road? A. Yes, sir.

Q. And how much of it? A. It was done in such a way that it would be impossible for me to say the proportion; the whole thing was laid out and started; I presume the probabilities are that something short of half of the work was done or completed.

Q. Who did the purchasing of the supplies and materials for

that reconstruction A. A considerable of the materials was contracted for by the Brooklyn City before the Brooklyn Heights took charge; that was done by the executive committee upon the usual way of taking bids and getting the best price possible; they had considerable on hand when the Brooklyn Heights bought it of them; I think most of the rails was bought by the Brooklyn City or contracted for.

Q. Will the books show that fact? A. In looking up the orders you can find those facts; yes, sir.

Q. Will your books you keep show when the purchases were made? A. Those show every purchase, when made, and every payment, when made.

Q. I did not ask you about the payment; you cover the record with a good deal of matter; as the treasurer you had charge of the books? A. Yes, sir; I did.

Q. Directing to what account various things should be charged or credited? A. Yes, sir.

Q. Now, then, will the books show the time of the purchase of the rails that went into the reconstruction? A. Yes, sir.

Q. That was carried on while you were there? A. Yes, sir.

Q. And how the purchases were made? A. Yes, sir.

Q. And by whom they were made? A. Yes, sir.

Q. That is, by what individuals? A. Yes, sir.

Q. From whom was the material purchased by the Brooklyn Heights Company that it did purchase; take the rails, for instance? A. From the Lewis & Fowler Girder Rail Company.

Q. Is that a corporation? A. Yes, sir.

Q. Who was its president? A. Alard H. Dollard was president at that time.

Q. Do you know who composed its board of directors? A. I do not; no, sir.

Q. Do you know Mr. Lewis was interested in it; Daniel F. Lewis? A. Yes, sir.

Q. What other material was purchased of that concern, if any? A. Of the Girder Rail Company? I do not recollect of any other material except such fittings as would go with their rail.

Q. Chairs? A. Chairs and joints and spikes, and other appliances used with their rails.

Q. Frogs and switches? A. I think they were made by the Lewis & Fowler Manufacturing Company, or a part of them, at least.

Q. That was another name for the same concern? A. No, sir; I believe that was another separate and distinct incorporated company.

Q. By practically the same parties? A. That I could not answer; I think the officers were practically the same if not the same.

Q. Was Mr. Lewis an officer in either of these companies? A. I believe he was.

Q. What? A. Treasurer.

Q. In both of them? A. Yes, sir.

Q. You speak about a purchasing committee of the railroad company; of whom was that composed; of the Brooklyn Heights Company, I mean? A. The Brooklyn Heights Company had no purchasing committee from the 6th of June until after the 1st of January; then it was composed of the executive committee, who approved of all purchases; and subsequently an executive committee was appointed, Mr. Keeney, Mr. Bliss and Mr. Jenkins.

Q. That was since last January? A. Yes, sir.

Q. That was not during the period of reconstruction? A. The reconstruction is still going on, and it has been going on continuously since the Brooklyn Heights Company took possession.

Q. Who made the purchases that the first committee approved? A. I made a great many of them.

Q. Under whose directions? A. Mostly my own.

Q. You were sent by this company to buy supplies? A. No, sir; I did it in my own office, with the assistance of the purchasing agent.

Q. Who was purchasing agent? A. H. W. Taylor.

Q. By whom was he appointed? A. Employed by me as treasurer of the company.

Q. As the treasurer of that company did you employ such assistants as you desired? A. I did.

Q. What was Mr. Lewis' salary at that time? A. Fifteen thousand dollars a year.

Q. Was the president a member of the purchasing committee? A. He was not of the Brooklyn Heights from the 6th of June until along in March.

Q. Wasn't he made a member ex officio of all committees? A. If you will allow me to answer, I will answer.

Q. He was or was not? A. There was no president that acted from the 6th of June until the 1st of January; the president was not an active official in the Brooklyn Heights Company; they had a president but he took no active part; Mr. Lewis was president of the Brooklyn City Railroad Company, and retained that position until the Brooklyn Heights took possession, I think.

Q. Who was nominally in that office in the Brooklyn Heights from June until January? A. Edward Johnson was vice-president and signed the checks.

Q. He was nominally president? A. He was acting president; Mr. Englis was president and did not come to the office.

Q. He was president, then? A. Yes, sir.

Q. He did not do anything but preside at the meetings? A. He did at the different meetings.

Q. Who was the responsible head of the management of that road during that time? A. I was.

Q. From whom did you obtain your authority? A. From the board of directors of the Brooklyn Heights Railroad Company.

Q. And your directions were superior to that of the president or vice-president? A. The vice-president did not give any instructions nor the president did not give any.

Q. If you gave any, you must have been; I want to know if your position was made such by the board of directors that your orders were superior to any others? A. No, sir.

Q. Who was the head? A. The president and vice-president's orders would have been superior to mine if any given.

Q. But they simply, by inactivity or failure to attend the duties

of their respective offices, permitted you to become the head of the concern? A. I was instructed to transact the business the same as I did afterward as manager.

Q. Then you made the purchases that were made during that time? A. Yes, sir.

Q. What did you pay for girder rails? A. One dollar and seventeen cents a foot.

Q. For what weight? A. It was a standard rail; I do not recall the weight; I think we called it equal to a 65-pound rail.

Q. When did you pay that price? A. If I recollect rightly, the purchase was made in October or November of 1893; it may have been as late as December.

Q. Do you remember what other girders were selling for at the time? A. Yes, sir.

Q. Of the same weight? A. Of the same make, there was no other rail made of that kind.

Q. What did this weigh? A. I think about ninety pounds.

Q. I did not ask about that. A. Do you want the price?

Q. Take the Cleveland rail, do you know what that is? A. No, sir.

Q. The one made by Johnson? A. I know the Johnson rail; I do not know it as the Cleveland; I know the price of the Johnson rail at that time.

Q. What was that? A. One dollar and twenty-five cent a foot.

Q. In October, 1893? A. Yes, sir.

Q. Where? A. Laid down in Brooklyn; I think they had the works in Steelton, Pa., or Carbondale, or wherever the rail was made; I think that was where it was delivered.

Q. At one dollar and twenty-five cents a ton? A. Yes, sir; a foot.

Q. A foot, I should say; what other girder rail did you know of at that time, the price of? A. I am not informed on any other good rail.

Q. Were you then? A. I was; on other rails?

Q. Yes. A. I presume I was at that time; I have forgotten now.

Q. Who decided this Lewis & Fowler rail was the proper one?
A. The executive committee of the Brooklyn City, and voted it for the road; and that I purchased was simply for completing some sections of the road.

Q. I have not asked you all that. A. The rail was originally passed on by the executive committee of the Brooklyn City Railroad.

Q. Who purchased the cars for the new equipment? A. I did.

Q. Of whom? A. Of the Pullman Company, of the St. Louis Car Company, and the Lewis & Fowler Manufacturing Company.

Q. What did you purchase of the Pullman Company? A. Fifty box cars at that time, the first purchase we made.

Q. That was just the body? A. Yes, sir.

Q. What did you purchase of the Lewis & Fowler Manufacturing Company? A. I think it was 101 cars.

Q. Of what kind? A. Box cars of the same design.

Q. What did you purchase of the St. Louis Car Company? A. One hundred cars of the same design.

Q. All closed cars? A. Yes, sir.

Q. Is that all that you purchased? A. All the cars that I purchased at that time.

Q. Were those all motor cars? A. They were all electric cars, and electric car bodies, they would be strictly called.

Q. And supplied with motors? A. No, sir; simply the body.

Q. Did you supply them with motors? A. We took the equipment we had on our road; and subsequently bought motors and put them on trucks which went under the car bodies.

Q. Were they trailers? A. They were electric car bodies subsequently made into motor cars.

Q. What motor did you use? A. Under those cars?

Q. Yes. A. I could not specify; we have several kinds.

Q. What kinds have you? A. S. R. G. 30's, which were the original Edison motor; W. P. 50's, which are Thompson & Houston originally made, or General Electric; we have some of the Westinghouse motors; we have some the recent Edison G. E. 800; that of Westinghouse; and some of Curtiss' motors of the first make,

and some after of more recent designs; those motors are interchangeable.

Q. Can you tell us substantially the difference in the cost of motors in the fall of 1893 and the present time? A. I should think that the relative prices would be \$1,000 less a car than at the present time.

Q. Put that in proportion? A. As \$700 bears to \$1,700; I think that would be proper proportion.

Recess until 10 a. m. Friday, July 12, 1895.

Proceedings of Friday, July 12, 1895, at the Council Chambers, in the City Hall, Brooklyn, N. Y.

H. B. Hollins, recalled, testified as follows:

By Mr. Wade:

Q. I do not know, Mr. Hollins, but I inquired of you before when you were upon the stand, if you had any stock in the Brooklyn City Company prior to the formation of the syndicate; I will ask you the question now, however? A. I can tell you in a moment; yes, I did have.

Q. About when did you first become an owner of stock in the Brooklyn City Railroad Company? A. About five or six months, I should think, before the negotiations came to an ending.

Q. That is before the negotiations culminated in the lease and organization in the other company? A. Yes, sir.

Q. How extensively were you interested as a stockholder? A. I do not remember.

Q. To about what extent? A. I do not see that that question is a proper one to ask, with due deference to the counsel.

Q. You know I have to decide what is proper to ask? A. I decline to answer it, then.

Q. Of whom did you purchase the stock which you acquired? A. I have not the faintest idea.

Q. Did you have, at the time you purchased it, from whom it came? A. No.

Q. With whom did you negotiate for the purpose of acquiring the stock? A. I never attend to the details of my own business; I do not know; I do not attend to the details of a very large business; it was conducted in the usual way; I could not possibly tell it; for there is an open market for the security.

Q. Were they purchased on the exchange? A. No, but there is a regular market in Brooklyn, you know.

Q. Did you acquire that stock with the scheme in view of culminating in the lease by the Brooklyn Heights and the organization of the Traction Company? A. I always thought it was a good investment and I think so still.

Q. That does not quite answer the question, Mr. Hollins? A. I do not know how to answer it in any other way; I thought it was a good investment; I was very much pleased to see it carried through? A. I stated that the other day.

Q. My inquiry is, whether when you acquired that stock you had in mind carrying through the scheme which eventually you did carry through? A. I hoped it would go through; I think that will answer it.

Q. Had you had any talk or negotiations with anybody relative to the lease and the organization of the Traction Company before you acquired the stock in the Brooklyn Railroad Company? A. Yes, sir.

Q. Did you purchase that stock with this scheme in view, with this lease in view, and the organization of the Traction Company, or a similar company in view? A. When I purchased that stock there was nothing definite in view.

Q. Nothing definite in view? A. No.

Q. You had in mind a scheme that had not materialized? A. I told you the Traction Company was not my scheme; it was a scheme of the Brooklyn City directors; this is not my plan at all; they were the ones.

Q. Mr. Hollins, at what price did you purchase Brooklyn City stock per share? A. I can not remember.

Q. Can you state about the price? A. As near as I remember, it was \$1.85.

Q. And, of course, after the organization of the Traction Company, you became entitled by virtue of your position as stockholder in the Brooklyn City Company to acquire a given number of shares in the Traction Company? A. I did.

Q. At \$15 per share? A. I did.

Q. And did you avail yourself of that privilege? A. I did.

Q. And did you also, as a part of the syndicate, receive a part of the \$3,000,000 of stock from the Traction Company that went to the syndicate? A. No, I did not receive it; I paid \$15 a share for it; because it would look otherwise as a bonus; I paid cash.

Q. You received it by paying \$15 a share? A. Yes; I would like to have it go down that way.

Q. All right; your syndicate was given the privilege of purchasing \$3,000,000 of the stock of the Traction Company? A. Yes, sir.

Q. At \$15 per share? A. Yes, sir.

Q. And you availed yourselves of that privilege, being a part of the syndicate? A. Yes.

Q. How much stock of the Traction Company did you take as a part of the syndicate?

(By request of the witness, the last answer was stricken from the record, as indicated in the third answer further on.)

Q. How much stock did you take in the Traction Company under the privilege you had as a part of the syndicate? A. You mean—

By Mr. Nixon:

Q. How much of this \$3,000,000? A. I am willing to answer that; I took one-half.

Q. You took \$1,500,000? A. I wish you would change the notes; I did not mean to decline to answer that; my individual holding of stock is my individual privilege.

Q. That can be ascertained? A. Yes, that can be ascertained.

By Mr. Wade:

Q. Who took the other one-half of that stock that the syndicate was entitled to take, at \$15 per share? A. The New York Guaranty and Indemnity Company and ourselves took it; I stated that.

Q. They took half and you took half? A. Yes; that is a repetition of what I stated the other day.

Q. There will be a little. A. I am not criticising, but I stated it the other day.

Q. That was divided equally between you and the Guaranty Company? A. Yes, sir.

Q. Were there others in the syndicate except yourself and the Guaranty Company? A. I decline to answer; I mean as far as the underwriters are concerned, with all due respect, that is my capital in business, and I object to giving the underwriters.

Q. I did not ask you to give them; I asked you if there were others in the syndicate? A. The New York Guaranty and ourselves stood for the syndicate.

Q. That was what composed the syndicate? A. That was all that was known of it; we were the syndicate and were responsible.

Q. Was there any persons connected with the Brooklyn City Railroad Company a member of the syndicate? A. No, sir; not directly or indirectly, or in any way.

Q. The underwriters, whose names you decline to disclose— A. I can say in that connection, that there was no officials or directors or individuals interested in the Brooklyn City Railroad Company or any improper persons that were underwriters in that syndicate.

Q. Was there any one interested in the Brooklyn Heights? A. No, sir; I am willing to give that information.

Q. And you decline to disclose the names of the underwriters? A. I do.

Q. What did the underwriters receive as their compensation? A. The privilege of subscribing for \$3,000,000 at \$15 a share; nothing more and nothing less.

Q. And that you and the Guaranty Company had that? A. We were the underwriters, the Guaranty Company.

Q. That is, part of it? A. We were the underwriters who underwrote this entire matter.

Q. These gentlemen, whose names you decline to disclose, what did they get? A. We represented the underwriters.

Q. Were there others you divided the stock with that you took? A. I decline to answer; I said that before.

Q. Were there other people or other corporations with whom the Guaranty Company divided the stock in the Traction Company which you took? A. You had better ask them.

Q. If you know anything about it, I will ask you; I will reach them in due time. A. It is their business; I do not know anything about it.

Q. You have no information on that subject? A. None whatever.

Q. Of course you know whether you divided with any of them, don't you? A. What do you mean?

Q. Whether you let them have any of the \$1,500,000 which you received? A. I do not think I did.

Q. H. B. Hollins took \$1,500,000 of that stock? A. Yes, sir.

Q. The question is plain enough — did that go to any other person or corporation, or any part of it? A. I have said half a dozen times that it did not.

Q. Now, so far as you know, the Guaranty Company took the other \$1,500,000? A. That is right.

Q. In the same way, and retained it in the same way; am I correct about that? A. I do not know whether they retained it; I do not know their business.

Q. As far as you know? A. I simply knew them as they knew H. B. Hollins & Company.

Q. What did the other persons or corporations in the syndicate, aside from the Guaranty Company and yourself, receive for what they did in this matter; that is, was it stock, money, or what? A. I do not think that question is exactly clear; I stated the Guaranty

Company and ourselves represented the syndicate; I think that is sufficient.

Q. You simply represented the syndicate? A. I paid the money; I paid my half; nobody else paid any money.

Q. I want to get this thing in my own mind as to whether there was anyone else or not, if I do not know who it was; did you or the firm of H. B. Hollins & Company actually form part of the syndicate? A. We did; we were one-half of it, with the Guaranty Company.

Q. Was there any other person or corporation, aside from the Guaranty Company and H. B. Hollins & Company, that formed a part of the syndicate? A. No.

Q. Were H. B. Hollins & Company any part of the underwriters? A. I decline to answer.

Q. Was there any other person or corporation, except H. B. Hollins & Company and the Guaranty Company, that were the underwriters, or formed a part of them? A. I say I decline to answer; that is part of my business arrangements.

Q. All right; I am satisfied; was there any money of the Traction Company at any time paid to the underwriters — any of the \$4,500,000? A. No, sir; except the fee to the Guaranty Company or the Trust Company fee, whatever that may have been.

Q. Was there any stock of the Guaranty Company given to the underwriters? A. Given to them completely?

Q. Well, at 15 per cent., aside from the \$3,000,000 which you have spoken of? A. I have told you the Guaranty Company and ourselves were the underwriters at \$15.

Q. Did you get any other stock, aside from the \$3,000,000, by reason of that? A. No; we did not.

Q. What fee was there to be paid to the Trust Company? A. Fifty thousand dollars.

Q. For what? A. For acting as trustee.

Q. Trustee of what? A. Trustee of all the securities.

Q. What? A. Trustee of all the securities.

Q. The Traction Company gave no mortgage, did it? A. There

was \$30,000,000 stock issued, and a certain responsibility connected with that, and they acted as trustees in the matter, and received their fee.

Q. Did they furnish the stock certificates? A. If you are familiar with the trust company business, that is, the detail connected with a transaction of that kind, runs over a long period, and the responsibility is very great.

Q. When you speak of their fee, you mean the \$50,000 you spoke of? A. Yes, sir.

Q. What company was that? A. New York Guaranty and Indemnity Company.

Q. Who was the first president of the Traction Company? A. I think it was Mr. Nicholas; you can look it up; it is in the book; I want to give a correct answer if I can, but I can not answer.

Q. Felix Campbell appears in the book? A. I think that is correct.

Horace J. Morse, called and sworn, testified as follows:

By Mr. Wade:

Q. Where do you reside? A. Brooklyn.

Q. In what business are you engaged? A. Banking.

Q. You are the receiver of the Long Island Traction Company? A. I am.

Q. When were you appointed such? A. I think in the last part of March.

Q. Eighteen hundred and ninety-five? A. Yes, sir; no, it must have been February; it was in February, I think.

Q. And have been acting as such ever since? A. Yes, sir.

Q. Did you make an inventory of the property of the Long Island Traction Company? A. I made a report to the court.

Q. Of what does it consist? A. It consists of a small amount of cash, the stock of the Brooklyn Heights Railroad Company, the stock of the Brooklyn, Queens County and Suburban Railroad Company, or the equities in this stock, under the fulfillment of a

trust obligation made under the collateral trust notes; the equity in those notes after the trust was fulfilled, if it was ever fulfilled.

Q. What connection had the stock with that trust? A. The Brooklyn Heights stock and Suburban stock?

Q. Yes. A. It is for security for collateral trust notes actually deposited with the trustee.

Q. What is the amount of the trust notes? A. Outstanding, I think, were about one million seven hundred and odd thousand were actually outstanding when I took my position; I think the parties afterwards took up how much — \$1,875,000, the amount that was actually issued in accordance with their contract — the parties who had agreed to take the collateral trust notes.

Q. When was that done? A. The call had been made for it at the time the receivership was instituted.

Q. Who were the parties who took up those notes? A. That I could not say, because it was entirely in the hands of the trustee, and the disbursing committee of the three companies; I had no control of that, and it did not come into my hands.

Q. It was given by the Traction Company to take the place of those trust notes or collateral notes? A. It was given to take the place of them.

Q. Yes? A. No, sir.

Q. How did the amount increase from \$1,700,000 to \$1,800,000? A. Under the provisions of the proprietary agreement under which the parties were allowed to pay for the notes in installments; notes had been partly paid for and they had to pay the balance.

Q. The last amount which you gave, one million eight hundred and some thousand, did that include the entire amount of the face of the notes, the face of the notes with interest? A. No, sir; that is the amount of the collateral outstanding trust notes without any reference to interest.

Q. What were those given as collateral to? A. They were issued as the collateral trust notes; the notes themselves were given to pay the debts of the corporation.

Q. What corporation? A. The Long Island Traction Company.

Q. You are in the possession of the books and papers of that company? A. I am.

Q. Are you able to state for what that indebtedness was created? A. Only from a general understanding of the situation.

Q. What is that? A. That they had expended more in the construction of the Brooklyn City Railroad system trolleying it than the money at their disposition had been, and it was necessary to raise money to save the Traction Company from insolvency.

Q. The Traction Company had not been engaged in building that railroad? A. Only as owners of the Long Island City stock.

Q. The Brooklyn Heights Company is the primary debtor? A. Yes, sir.

Q. And the Long Island Traction Company in that transaction as a company stand in the relation of a surety? A. As owner of the stock; naturally desirous of taking care of its property.

Q. Stands just as you would if you had indorsed the note and put up collateral? A. Yes, sir.

Q. So the position is entirely that of a surety? A. Or a proprietor.

Q. I mean its position on that paper? A. Yes, sir.

Q. Is purely that as a surety? A. I should say so.

Q. Did you know anything about the money, the four million that was up as collateral? A. In this guaranty fund?

Q. Yes? A. No, sir; I have no knowledge whatever.

Q. The books show, don't they? A. Possibly they may; I have not looked at them for that.

Q. Had you ever had any connection with the Long Island Traction Company before you became receiver? A. No, sir.

Q. Or the Heights? A. No, sir.

Q. Or the Brooklyn City? A. No, sir.

Q. Or the Suburban? A. No, sir; except as a stockholder at times, in some one of them, but no direct interest or managing interest.

Q. Nothing at any time? A. No, sir.

Q. Had you ever been familiar with the management of the companies? A. Only as a citizen and as a moderate stockholder.

Q. Where is the office of the Traction Company? A. On Montague street.

Q. Do you keep the books and papers for the Traction Company there? A. Yes, sir.

Q. Under your control? A. Under my control as an officer of the court.

Q. Yes; are you willing to produce those books for the inspection of the committee? A. I supposed that would be asked, and therefore, I answer the question with some degree of deliberation; individually, with the greatest pleasure, but under all the circumstances, my trust, being an officer of the United States Court, and under the advice of counsel, and in view of the fact that this company is subjected to antagonistic litigation existing and threatened, and that I am advised by the parties having large interests that the information might possibly be used to the detriment of the corporation, I shall ask, with all due respect to the committee, that I be allowed to ask the authority of the United States Court before I comply with that.

Mr. Joseph S. Auerbach.—Mr. Chairman, may I make a statement?

Mr. Nixon.—As to what is it, Mr. Auerbach?

Mr. Auerbach.—As to the attitude Mr. Morse takes with reference to the books of the Long Island Traction Company, acting under my advice.

Mr. Nixon.—You simply desire to state the reason why you advised Mr. Morse, as receiver of the Long Island Traction Company?

Mr. Auerbach.—Yes; I think you ought to know.

Mr. Nixon.—Very well.

Mr. Auerbach.—Thanking you for the courtesy, I want to say just one word, because I think it is pertinent as bearing on the attitude we have all taken with reference to this investigation. I have thought more than once that the committee is going far afield of the purposes intended. I think it ought to be the duty of counsel and receiver of the Traction Company to facilitate you in the matter within the reasonable purview of your inquiry. We have been very much embarrassed, that is, the Traction Company,

and as counsel I have been very much embarrassed, for the reason that the theory Mr. Wade is constructing fits in very well with theories on which certain litigations are brought. Let me read from the complaint of Mr. Flynn against this company and the Long Island Traction Company.

(Mr. Auerbach here reads the complaint in the action referred to.)

The theory on which this complaint is drawn is largely the theory on which Mr. Wade is conducting this examination. This theory stands very well without cross-examination, but it will disappear on cross-examination. We do not ask the privilege of cross-examination, but witnesses come here, some willing and some hostile. You are entitled, I think, to the result of the organization of the Long Island Traction Company; you are entitled to know just what the plan was, and you already know the result. You know the operation of the Brooklyn Heights, the Long Island Traction Company, the Long Island and the Brooklyn City and the Brooklyn, Queens County and Suburban, and you know the many arrangements made; but the machinery by which that was brought about you are not entitled, in my opinion, to have, unless the United States Court should say, whose servant Mr. Morse is, that you are. I am willing to go with Mr. Wade before the United States Court.

Mr. Flynn is a doughty antagonist. He does not need any help. We have these suits and they are on the calendar of the courts and should be tried, and, practically, you are trying Mr. Flynn's case before trial, and you would try it in still greater part if you had access to and spread on the records of the committee all the proceedings by which this result, as you all know, was arrived at. This bears on the inquiry conducted all along these lines. It bears on the inquiry you have made in the last few days. The theory you are taking is exactly on the lines with this complaint. I know Mr. Wade did not know it, but we are being sued, and the basis of the transaction depends on the trial of these three suits. The complaint I hold in my hand.

I think you are entitled to know the result of everything that

has been done. You do know it. There have been statements made that I have explained to Mr. Wade. I have offered to give Mr. Wade, if there was no objection on the part of the receiver, access to the books themselves, confidentially as a lawyer.

In the question of the distribution of the \$500,000 I have offered, if there be no objection on the part of the syndicate, to let him know how this money was disbursed.

There are all sorts of intimations and reflections made bearing on the Long Island Traction Company, and I am willing to let it be known, and I think it is my duty to speak about it, when the proper time arrives. I do not think people unreasonably have suspicion. The time has come when this inquiry has begun, and we are perfectly willing when it comes to the point of inquiring into the books of the Long Island Traction Company and the doings of the syndicate when you know the results. I think it is not within the purview of this investigation and I think the gratification of an idle curiosity might do a great harm. You know Mr. Hollins. He had to do with the expenditures of that fund. He will tell you who was counsel and what paid and was done with the money. The corporation tax was paid, White & Garnett and Churchyard were paid; our present firm, and Lowery, Stone & Auerbach were paid, and we had a right to be; the New York Guaranty Company received their pay, the creditors of the Long Island Traction Company were paid, and the balance of \$40,000 or \$50,000 turned back. The services were continued over two years on the part of counsel. This inquiry can go to the extent that I will be obliged to take the stand and tell how much of this fund I received for my professional services. I do not want to do that. I do not think it is the interest of the public to know what I receive a year. It happens to me as it does to every lawyer, that sometimes clients are pleased and pay well. I was paid as well as all the counsel. Mr. Hollins has volunteered his services, and he received no compensation. Mr. Hollins says I do not want to give away that material which is my stock in trade any more than a professional man wants to give away the secrets of his client.

When one comes to know the character of the men who assemble

in that locality that do not want their names known because their operations are through that banking house, it seems to me it is not a proper question for inquiry.

Coming to these books, I will go with Mr. Wade to the New York Circuit Court. I will state to Judge Goff what we have done in the investigation and endeavored to facilitate. I will state to Judge Goff what bearing I think it has on the litigation of the Traction Company. I am perfectly willing to go with Mr. Wade, or we will draw the petition here and forward it to Judge Goff, and ask his judgment and direction. I want you to understand by whatever I can do I want to facilitate the inquiry of this committee, and I know about this, because I have known the formation of the Traction Company and been with it from the outset, and there has not a thing been done that a single man need have any hesitation or solicitation to suppress.

It comes to this point, that the declination now is simply because of its collateral bearing, and not what is within these books to the prejudice of these gentlemen.

I have said this with emphasis and I mean to be emphatic, because I think the inquiry is into personal matters which I do not think the committee should press, as it may very much injure the Long Island Traction Company and its future, and have a strong bearing on the results of the suits now pending.

Mr. Wade.— Mr. Chairman, in response to the statements made by Mr. Auerbach, permit me to say I supposed this committee came here with no personal knowledge of any of the transactions of these various companies whose affairs have become so united and whose interests have become so involved by the scheme, evidence of which we have been listening to, and of which we have received some information here. It is quite possible that this investigation may reflect upon the litigations referred to, cast some light upon the issues involved, but I speak for myself that I never had heard of such litigation until yesterday, when Mr. Auerbach informed me that it was pending. I am advised that the members of this committee knew nothing of it, so that if the investigation this committee is trying to make, and make in a proper manner,

sheds some light upon the issues involved in that litigation, or if, as counsel states, it is a trial of that case in advance of trial, why, it is being tried on the evidence of the officials of these various railroad companies.

Now, I do not think the counsel quite appreciates my position here. I do not have the privilege of taking a willing witness into a side room and talking with him or conversing with him in advance, or ascertain what he can testify to. I simply have to call what, in the nature of things, are hostile and unwilling witnesses, and learn from the witness stand for the first time, what they will testify to. Of course, we all know that an investigation of this character must take that course. Now, the question is, shall the investigation be thorough and complete, or shall it skim over these various transactions? This committee is not here to try litigations. It is not here to destroy, but rather to preserve, and to learn facts upon which it can base a recommendation to the Legislature of the State of New York for legislation bearing upon such corporate interests as are here involved.

In so far as the production of these books is concerned, I would be reluctant to ask the counsel or the receiver to put their books in a position where a litigant and an antagonist in court could improperly avail himself of information that he should not have. It is quite possible that the knowledge of the contents of these books can be brought to this committee in some other way. But my first duty in this respect is, to ascertain whether they will be brought into court before this committee, and that is why I asked Mr. Morse this question.

I do not know about the idea of going before the court and asking it for direction in this matter, that is, the idea of my going into court on that proposition, it seems to me that I ought not to take any such position as that until this committee has finally decided there is nothing except the actual production of the books that will furnish the information that we want, and I think Mr. Auerbach will agree with me in that. Certainly we are not here for the purpose of embarrassing, if we can so arrange that this committee will know what the books will disclose. It is not a matter

of curiosity. So far as I am concerned, I would not walk across the room to look in those books unless it becomes my duty to do so, and I think I speak the sentiments of the committee in that respect. We have no idle curiosity to satisfy. We would like to conduct this investigation thoroughly, decently, and hope that it will result in some good.

Now, I think, Mr. Chairman, that we had better, before I consent to go into court, or before the committee requests me to go into court, as requested by Mr. Auerbach, we had better see, on consultation, if there is not some other way by which this information can be obtained. I think that should be the last resort, and I say here, that I find no fault with the position of Mr. Morse. Not the least. Certainly if his counsel advises him to withhold the books it is his duty to do it until the court decides the question. I do not want to criticise the position of counsel, and I do not. I do not want to join in asking the court until I ascertain that that is the last thing we can do, and then I will be glad to do so.

I want to say, in answer to Mr. Auerbach, in regard to insinuations and suggestions and theories —

Mr. Auerbach.— I did not mean that. I do not think I said that.

Mr. Wade.— Yes, you spoke about my theory.

Mr. Auerbach.— Theory, yes.

Mr. Wade.— I have no insinuations to make, theories I have none, except as the evidence here seems to bear out a certain line of thought, or to indicate a certain policy that has been pursued. I do not think there was anyone in the State of New York whose ignorance on these transactions was more dense than mine when I commenced this investigation, and I do not know as there is any one whose ignorance will be more dense when we get through. I confess I do not see through this machinery very rapidly. It is a little more complicated than I have been in the habit of running.

I close with this remark. I have no theory to advance; I have no person that I wish to injure; there is no one whose character I wish to smite. We simply want the facts, so this committee can act; to have such investigation so that it can recommend to the

Legislature of the State, such laws as it, in its wisdom, may deem best to act upon.

Mr. Nixon.— I will say it is neither our disposition nor has it been our desire to act for the purpose of embarrassing your corporation for the benefit of any other corporation. We knew nothing of any litigation which you had, or the nature of that litigation. We have a duty which we are called upon to perform, and it is our desire to do that as well as we know how, and to make as thorough an investigation as possible, and if we can obtain the information we ask of you or your receiver, in any way that does not place the books of your corporation within the view or examination of a corporation hostile to you, it will be perfectly satisfactory to this committee.

As to these matters on which Mr. Hollins has declined to testify and the books Mr. Morse declines to place before the committee, those matters the committee will take up in executive session, and if you are willing then that we should be placed in a position to obtain that information, we will be only too glad to meet you in a way that this information shall not be made public, except to such an extent as it should be. I believe that that is the desire of this entire committee.

By Mr. Wade:

Q. Mr. Morse, since your appointment as receiver, have you issued receivers' certificates? A. I have.

Q. To what extent? A. About \$450,000.

Q. Four hundred and fifty thousand dollars? A. Yes, sir.

Q. Now, is the Long Island Traction Company engaged in conducting and carrying on any business through you as receiver? A. Not at this time, except to protect its assets under the order of the court, which is the Brooklyn Heights system.

Q. That you would not call carrying on a business? A. No, sir; it is practically advancing money to the Brooklyn Heights Railroad.

Q. As to the receiver's certificates made for that purpose? A. Yes; the Brooklyn Heights are party to the certificates.

Q. And is the position of the receiver, or the Traction Company as represented by the receiver, that of a surety? A. The receiver's certificates is a direct certificate issued by order of the court in which the Heights participate, and the Traction Company as well as the receiver; the order of the court will be there exhibited in that respect if you desire to have that.

Q. Of course, it is to enable the Brooklyn Heights Company to meet its obligations? A. Entirely so; the prayer asking for the receivership stated the fact, and the suit was brought in such a way that the court directed and ordered the receiver to issue those receiver's certificates to protect all its assets liable to be given for a certain period past, and the \$4,500,000 pledged to the City Railroad.

Q. Now, with the Suburban Railroad, those difficulties do not arise? A. As in the rental?

Q. Yes. A. That is direct ownership.

Q. That road is operated by the Suburban Company? A. Yes, sir.

Q. Do you know whether the Traction Company received any revenue from the operations of the Suburban Road? A. On the contrary, I had to advance the money on the first of April to pay the interest.

Q. Then the Suburban Company's gross receipts from the operation of its road are not sufficient to meet the operating expenses and fixed charges? A. They were not during that quarter.

Q. Do you know how it has been in the past? A. I do not; I understand it has just practically completed its system; there is nothing to compare with.

Q. What is the entire indebtedness of the Traction Company now, if you know? A. One million eight hundred and seventy-five thousand dollars collateral trust notes; a loan of \$620,000 in which were \$978,000 collateral trust notes never issued, and certain real estate originally transferred to the Heights Company by the Brooklyn City Railroad was up as security in that line; \$450,000 of receiver's certificates.

Q. What did that \$620,000 consist of? A. Do you mean its original receipt?

Q. Yes, A. Actual receipt of money.

Q. How is the indebtedness represented, by bonds, notes or what? A. I can not give the exact amounts, but a certain amount of these collateral trust notes were to be up as security for the loans; certain payments made on the loan from time to time as well as of real estate, which reduced it from time to time; the last I know the amount due the City Railroad Company was \$620,000.

Q. The receiver's certificates which you have issued are out and you, as receiver, have received the money for them? A. Yes, sir; I have.

Q. Was there at one time an arrangement by which the Brooklyn City Railroad run as a corporation was to take those certificates, or some part of them? A. No, sir.

Q. Or any certificate which you issued? A. No, sir.

Q. You know such claim has been made? A. That is not so; never any hint of any negotiation.

Q. Never any talk about it? A. No, sir; all the steps have been looking towards the payment of the Brooklyn City rather than getting any money from them; the receiver's certificates on the first of April were issued to pay the Brooklyn City.

Q. You understand the Brooklyn City had a surplus of about \$800,000? A. Yes, sir.

Q. And the claim has been made that the officers of the Brooklyn City proposed to take receiver's certificates from you and use that surplus in paying for it? A. I never heard of it; I think that they must have got it without my intervention.

Q. There was no such negotiation at all? A. Never.

Q. The receiver's certificates were sold in the usual way? A. They were issued and it was stipulated they should not be sold less than par, and were largely taken by the parties interested in the Traction Company.

Q. You know the fact there is an organization to — A. Yes, sir.

Q. In which Governor Flower and other large capitalists are interested? A. Yes, sir.

Q. Did this committee take any? A. Yes, sir; either through them or institutions, but the committee furnished me the money.

Q. They stand behind it somewhere? A. Yes, sir.

Q. Where is the stock of the Suburban Company? A. In some one of the trust companies as collateral to the collateral trust notes.

Q. Of \$1,800,000? A. Yes, sir.

Q. And the stock of the Brooklyn Heights also there? A. Yes, sir.

Q. And those notes are secured by a trust agreement? A. Yes, sir.

Q. And this stock all put up as collateral to those obligations? A. Yes, sir; and all surplus earnings are also pledged.

Q. Are you familiar with the trust agreement? A. I have read it as far as it seems necessary; I could not repeat it at this time.

Q. I show you Exhibit "P," on page 671 of the Friday committee report, and ask if that is a copy; if you can state whether that is a copy of the trust agreement? A. I should judge that was a copy; yes, sir; as my memory should serve me.

(Pamphlet shown witness.)

Q. That is? A. That is what I have always been treating as a copy.

(Pamphlet entitled "Long Island Traction Company and the Brooklyn Heights Railroad Company to New York Guaranty and Indemnity Company, Trustee. Trust Indenture. Dated August 1, 1894," offered and received in evidence, and marked Exhibit 7.)

(Complaint in an action in the Circuit Court of the United States, Eastern District of Virginia. In Equity. William M. Kidder et al., complainants, vs. The Long Island Traction Company et al., defendants. Bill of complaint, dated March 16, 1895, and decree appointing receiver, offered and received in evidence, and marked Exhibit 8.)

(An order appearing at page 706 of the Friday committee's re-

port, authorizing the issuing of receiver's certificate, offered and received in evidence, and marked Exhibit 9.)

Q. How were the receiver's certificates secured? A. If you have there the form of the certificate, and I presume it is there; what there may be left after the collateral trust notes are secured, all surplus earnings whatever.

Q. That pledge is junior to any other? A. No; by a special agreement with the collateral trust note holders, the receiver's certificates and collateral trust note holders are put on a par.

Q. So the collateral is spread over the entire thing? A. Yes, sir; the receiver's certificates and collateral trust notes.

Q. So the collateral trust notes and receiver's certificates shall share pro rata if resort is had to the collateral finally? A. Yes, sir.

Q. That comprises all the property of the corporation? A. Yes, sir.

Q. Were you identified with the organization of the Traction Company? A. No, sir.

Q. That is, to know? A. Except by hearsay, is all; what I am informed.

Q. Did you have anything to do with the proceedings in which you were appointed receiver, before your appointment? A. Only as to consultation as to whether I would accept it.

Q. Do you know Mr. Kidder? A. Yes, sir.

Q. What business is he engaged in? A. He is a banker; he is a partner of mine.

Q. He is the plaintiff in this action in which you were appointed receiver? A. He was one of the plaintiffs.

Q. This was an amicable suit for the purpose of preserving the Traction Company by these proceedings? A. I should judge so, yes, sir.

Q. I do not think of anything else, unless the chairman or some member of the committee desire to ask some question.

H. B. Hollins, called, testified as follows:

By Mr. Wade:

Q. The last question I asked you was, who was the first president of the Traction Company? A. Yes, and I said Felix Campbell, if I remember correctly.

Q. No, the first secretary of the Traction Company was who, Mr. Hollins? A. I forget; it ought to be in some of the papers.

Q. Mr. Bogardus says it was J. B. Summerfield? A. Yes, that's right.

Q. Who was Mr. Felix Campbell? A. He is president of the People's Trust Company of Brooklyn.

Q. How was he connected with the railroad companies, if at all, prior to the incorporation of the Traction Company? A. I think he was a director in the Brooklyn City, but I am not sure.

Q. Who was Mr. Summerfield? A. He was a broker in South street, New York, I think.

Q. Was he connected in any way with the Brooklyn Railroad? A. I do not know; I had nothing to do with the formation of the Traction Company.

Q. Do you know about it? A. I do not know.

Q. Was he connected with you in any way? A. No; no.

Q. Was the offices of secretary and treasurer held by one person, do you know? A. I do not know.

Q. Were you a stockholder in the Brooklyn City Railroad Company before the time when the stock was increased from six to nine or ten millions? A. Yes.

By Mr. Nixon:

Q. Have the witness state to what time? A. I was there when the stock was increased from six to nine millions.

By Mr. Wade:

Q. As I understand the other witnesses, the proceedings taken for increase of stock was from six to twelve millions, but issued three millions at a time; that is right, is it not? A. Yes.

Q. And your holdings to some extent existed prior to that action? A. Yes.

Q. Did you acquire any new stock after that, except as you were entitled to participate in the increase? A. I do not think I did.

Q. And did you avail yourself of the opportunities to purchase under the manner in which the increase was made? A. I did.

Q. Did you ever go over this transaction, Mr. Hollins, with a view of satisfying your own mind as to whether the scheme was advantageous to the Brooklyn City Company or otherwise? A. I think it was a very fair compensation, indeed, for the Brooklyn City.

Q. As you understand these arrangements, there is not any way by which the Brooklyn City Company as a company can become involved in any indebtedness more than its present obligation? A. No, I think not.

Q. Its chief duty is to cut off coupons? A. Yes, and declare dividends.

Q. Did your interest in the Brooklyn City Company begin prior to the time the capital stock was increased to six millions? A. No, I think it was six millions.

Q. When you first went there? A. Yes, sir.

Q. Then being a stockholder in the company, Mr. Hollins, and being one of the promoters of the scheme of leasing and organizing of the Traction Company you believed that you were properly looking after your interest as a stockholder in the Brooklyn City? A. I did.

Q. And believed the deal in so far as that company was concerned was equitable and fair? A. I thought it was equitable and fair for both; after a conference with the Brooklyn City directors the scheme had changed; it was the result of a compromise idea.

Q. You believed that scheme fair to the stockholders of the Brooklyn City? A. And fair to the shareholders of the Long Island Traction Company — both.

By Mr. Nixon:

Q. Did you originate the plan of this Long Island Traction Company? A. Not exactly as it was carried out.

Q. Who did it? A. As it was carried out, the compromise plan was suggested by the directors of the Brooklyn City Railroad, at a meeting.

Q. Do you mean to say the directors of the Brooklyn City originated the plan? A. It was the result of our meeting there; my plan was different.

Q. Did not you and your attorneys have a drawn plan? A. Yes, sir; but that was not adopted.

Q. You did submit a plan at a meeting of the board of directors? A. Yes, but that was not adopted.

Q. After this Long Island Traction Company was organized and the stock issued, you issued a circular? A. Yes.

Q. And stated that that should pay $2\frac{1}{2}$ per cent.? A. I said it would earn that.

Q. The natural inference would be if it earned it that it would pay it? A. I do not know; it does not always.

Q. On what did you base your judgment? A. On the basis of \$6,000,000, gross earnings.

Q. Where were they? A. Between five and six millions, gross earnings.

Q. Where were they going? A. I think the earnings of the Brooklyn City at that time were something in the neighborhood of \$4,300,000; I have been connected with most of the trolley roads in this country in various cities, and it was a low estimate to place 25 per cent. increase in the gross earnings; taking a city like Brooklyn, we were justified in saying it was larger; I think in the Fulton street road it increased 60 per cent.; our experts stated in their opinion where we had been running from 25 to 30 per cent. in small cities like Weedsport and Brookline, that in a large city like Brooklyn we could look for 35 per cent.

Q. Your judgment was based on your familiarity with trolley lines and their earnings? A. Yes, sir.

Q. That was what you based your judgment on in the circular you issued? A. Yes, sir.

Q. In issuing this circular did you consult with any directors or officials of the Brooklyn City Railroad Company in obtaining this information? A. No; we gathered what information we could from the earnings at the time, and we had our own experts give us our figures what the natural increase would be, and in making comparisons with other cities, and taking expenses of all trolley lines; there is not a trolley line that we were connected with that was over 60 per cent.

Q. That was, in your judgment, what gave the value on the market? A. No; it went up before that; the stock, when that circular was issued, had been in the neighborhood of 50 per cent., and I should say then it was 25 or 30; we had no interests in having this stock take a large move, because we felt we rather have its future assured; that was why I proposed not listing on the exchange, and it was not done because I opposed it, I think, although it got on the unlisted department, but that is something you can not help.

Q. It is not listed at this time? A. No, sir.

By Mr. Gleason:

Q. You can not place it on the unlisted department without examination by the officers of the exchange, can you? A. Oh, yes.

Q. Do not they have to make examination of its affairs? A. No, sir; not at all.

Q. Where was the first meeting of the stockholders held when they organized the company? A. I don't know, exactly.

Q. Do you know how much of the stock of the Traction Company was issued at that time? A. I do not know.

By Chairman Nixon:

Q. Are you a stockholder in the Brooklyn City Railroad Company? A. Yes, sir.

Q. Have you anything like the amount of stock you had just previous to the forming of the Traction Company; you refused

to state how much stock you owned just previous to the organization of the Traction Company? A. Yes; do you press the question?

Q. It is a fair question; yes; I do not see any reason why you should refuse to answer a question of that kind? A. Mr. Chairman, I think — I do not believe anybody holds as many securities as they did before the panic of 1893.

Q. What is that? A. I do not believe anybody holds as many securities as they did before the panic of 1893.

Q. It has been suggested that you were a philanthropist? A. No, sir; I can not say that; I have thought there was money in making the investment in the stock; I did make direct investment in the stock.

Q. How low did you ever sell that stock? A. I think I sold at \$1.25.

By Mr. Gleason:

Q. When the Traction Company was organized it had an authorized capital stock of \$4,000,000, with a privilege of increase to \$30,000,000, I think, appears from the charter; now, the incorporators were members, with the exception of a law firm from Virginia, of your office, your cashier, as I understand it — I do not know what you call his name — A. Mr. Scovill.

Q. The object of my question was whether it was at the first meeting of the company it was voted to issue the full amount of the charter? A. I do not know.

Q. You do not know whether it was at that meeting that the resolution was passed as to the disposition of the four and one-half million dollars which was received for the capital stock? A. I do not know.

By Mr. Wade:

Q. I think that is all, and if we desire you again we will let you know. A. I came without a subpoena this time.

By Mr. Nixon:

Q. We supposed you were subpoenaed? A. I was never subpoenaed, and I came to see why I was not.

Timothy S. Williams, called and sworn, testified:

By Mr. Wade:

Q. You reside where? A. New York.

Q. What business are you engaged in? A. Secretary and treasurer of the Brooklyn Heights Railroad Company.

Q. How long have you occupied that position? A. Since July 1, 1895.

Q. Have you become somewhat familiar with its business during that period? A. Not as fully as I expect to later.

Q. As such, you have possession and custody of the books and papers of the company, have you not? A. Yes, sir.

Q. And you were subpoenaed to produce them before this committee? A. Yes, sir.

Q. Did you do that; have you them with you? A. I have part of them; it would take several wagonloads to carry them all.

Q. What books did you bring with you? A. I brought the minute book and the stock book.

Q. The minute book and the stock book? A. Yes, sir; with an extract from the general ledger showing the condition of the general ledger.

Q. Mr. Auerbach is your counsel, is he? A. No, sir; I have no counsel.

Q. Or the counsel of the company? A. No, sir.

Mr. Wade.—Will you represent the witness, Mr. Auerbach?

Q. Now, to avoid the necessity of bringing the books into the presence of the committee, it is deemed best that an expert go through them; are you willing, as treasurer of the company, to

permit such examination? A. No, sir; not without direction of the committee and under the advice of counsel.

Q. Have you taken any step to inquire into them? A. No, sir.

Q. Or to bring the books? A. No, sir; except these that I have here.

Q. Of course, you have not there the operations of the company? A. I have those statements from the general ledger, showing the trail balance on June 1st, the last time when it was made.

Q. Will you produce the books and papers of that company before the committee? A. Not without the advice of counsel and the consent of the directors of the company.

Q. When were you subpoenaed? A. Yesterday afternoon.

Q. I simply ask this question to get matters in shape for an examination of the books if one is to be had; if it is not we shall have to insist. A. I want to state, on behalf of the company, as you are aware, the principal officers of the company have recently been changed, and we have no desire to appear at all in hostility to the committee; that any information which we can afford the committee without any embarrassment to ourselves we are quite willing to give; but in view of other matters I should like to take advice of counsel and directors before giving any positive answer on that question.

Q. I suppose you should, but I had this subpoena served on you to put the machinery in motion. A. The subpoena was not served until pretty late yesterday afternoon, and I was very busy.

Q. I had supposed you had been subpoenaed before yesterday?

The committee takes a recess until Wednesday, July 17, 1895, at 10 a. m., and the witnesses who were notified to appear July 12th, were also notified to appear the morning of the 17th.

Pursuant to adjournment, the committee meet in the Council Chambers, in the city of Brooklyn, Wednesday, July 17, 1895, at 10 a. m.

Chairman Nixon.—Do you desire to read those communications first, Mr. Wade?

Mr. Wade.—Yes, sir. I have the following communication which is addressed to the chairman of this committee, and I wish to read it and bring up the question that is involved in it now, for the final determination of this committee, of the course it will pursue in reference to it.

The letter reads as follows:

BROOKLYN, N. Y., July 17, 1895.

S. FREDERICK NIXON, *Chairman*:

Dear Sir.—Referring to the request made by yourself and by counsel for the Assembly investigating committee of which you are chairman that an expert be permitted to examine the books of this company, I have now to reply that I am authorized by the directors of the company to extend such permission, under proper restrictions, within the lines of the authority conferred by the Assembly upon your committee, and place the books of the company, so far as they relate to the cost of construction and operation of its railroads, at the disposal of any competent and impartial expert who may be selected by your committee.

In communicating to you, however, the company's willingness to have its books examined in a fair and impartial way, permit me to call your attention to the fact that a similar inspection and examination was made in November and December last by the State Board of Railroad Commissioners, a copy of whose report is sent herewith. The occasion for that investigation and the manner in which it was conducted, with the results of the inquiry, are set forth at length in a letter which I am advised has been sent to you this day by the president of the Brooklyn City Railroad Company, of which the Brooklyn Heights Railroad Company is the lessee. The thoroughness and accuracy of that report have not been questioned and the report contains the information called for by the Assembly resolution under which your committee is acting regarding the cost of construction and operation of this road and leased lines prior to December 10, 1894. In case, however, your committee wishes to challenge either the accuracy,

thoroughness or honesty of the report made by the State Railroad Commissioners, proper facilities will be afforded you for making an examination.

Yours respectfully,

T. S. WILLIAMS,

Secretary and Treasurer.

Mr. Wade.—A communication quite similar is received from Edward Merritt, president of the Brooklyn City Railroad Company, somewhat more at length. The communication reads as follows:

BROOKLYN, *July 16, 1895.*

Dear Sir.—The application of the committee of the Assembly of which you are chairman, for leave to place an expert accountant upon the books of the Brooklyn City Railroad Company, relating to the cost of construction and expense of operation of its railroads, has been submitted to the executive committee of the company which has adopted a resolution, a copy of which is herewith inclosed.

The accounts of the Brooklyn City Railroad Company up to September 30, 1889, including its construction and expense account were carefully and thoroughly examined in detail by representatives of the Board of Railroad Commissioners of the State of New York, and the report of such examination, as I am informed, is on file in the office of the Railroad Commissioners.

In 1893, the railroad and properties of this company were leased to the Brooklyn Heights Railroad Company, which last named company, about June 6, 1893, entered into possession and commenced the operation of the railroads covered by the lease. On or about October 15, 1894, Henry M. Thompson, former secretary of the company, presented a complaint to the Board of Railroad Commissioners of the State of New York, containing criticisms of the reports made to that board by the Brooklyn City Railroad Company and the Brooklyn Heights Railroad Company.

On November 9, 1894, the president of this company, and on November 10, 1894, the president of the Brooklyn Heights Com-

pany addressed communications to the Board of Railroad Commissioners requesting an immediate examination by that board, of the books and accounts of their respective companies.

Prompt action was taken upon this request by the Board of Railroad Commissioners, and a thorough and exhaustive examination of the books and accounts of the Brooklyn City Railroad Company and the Brooklyn Heights Railroad Company covering the cost of construction and the expense of operation of its railroad was made by Charles R. De Freest, secretary of the Board of Railroad Commissioners, aided by the accountants of the board.

On December 10, 1894, Mr. De Freest made his report to the Board of Railroad Commissioners, which report was approved by the unanimous vote of the board. Every account and expenditure of the Brooklyn City Railroad Company and the Brooklyn Heights Railroad Company necessary to determine the cost of the construction of its railroad and the expense of operating the same, up to December 10, 1894, is covered by the report of Mr. De Freest.

The report, speaking of the books kept by the Brooklyn City Railroad Company, state: "The Brooklyn City books are the same as those used at the time of the organization of the road in 1853, the same ledger being still in service. No fault can be found with their accuracy."

It is suggested, therefore, that unless the correctness and good faith of the report of Mr. De Freest and its approval by the Railroad Commissioners is challenged, there is no necessity for any examination by an expert accountant of the accounts covered by that report.

I understand that Mr. Thompson has been called as a witness before your committee, and I think it but just and fair to the Brooklyn City Railroad Company that Mr. De Freest and the assistants who aided him in his examination should also be called as witnesses and examined as to the correctness of the report made upon their examination, before the committee shall finally order a re-examination of the accounts covered by that report.

Enclosed herewith is printed copy of the complaint of Mr.

Thompson; the letters of the president of the Brooklyn City Railroad company and of the Brooklyn Heights Railroad Company requesting the examination by the Railroad Commissioners; the report of Mr. De Freest, secretary of the Board of Railroad Commissioners, upon his examination of the accounts of the Brooklyn City Railroad Company and the Heights Company; the resolution of the Board of Railroad Commissioners unanimously approving that report and the report of F. X. Baxter, inspector of the Board of Railroad Commissioners upon the physical condition of the properties of the Brooklyn City Railroad Company.

Unless, therefore, it be the purpose of the committee to ignore the report of Mr. De Freest as approved by the Railroad Commissioners, it would seem that an examination of the books of this company from December 10, 1894, to date, would be all that would under any circumstances be necessary; since December 10, 1894, this company has made no expenditures, either on account of construction or operation; it would be useless, therefore, for the committee to employ an expert to make such examination. If, however, the committee shall be advised, that it is necessary to examine the correctness of the report made by the Board of Railroad Commissioners by its secretary and that it is wise and expedient to incur the additional expense of another examination, the books of this company, so far as they relate to the cost of construction and expense of operation of its railroads, will be placed at the disposal of any competent and impartial expert that may be selected by the committee.

Respectfully yours,

EDWARD MERRITT,

President of the Brooklyn City Railroad Company.

HON. S. FREDERICK NIXON,

Chairman, etc., etc.

Mr. Wade.—The resolution enclosed, and to which reference is made in Mr. Merritt's communication, reads as follows:

“*Resolved*, That the application of the committee of the Assembly engaged in investigating the question as to the desirability

of municipal ownership of railroad franchises, that an expert accountant appointed by such committee be permitted to examine the books of the Brooklyn City Railroad Company, relating to the cost of the construction of its railroads and the expense of operating the same be and the same is hereby referred to the President of the company with power."

Mr. Nixon.—Those reports you have already had, Mr. Wade.

Mr. Wade.— Yes; now Mr. Chairman, for myself, I do not wish to take a position adopting or rejecting the report of Mr. De Freest, secretary of the Railroad Commission, and I do not understand that the committee takes any such position. But, if you are to be content with that examination, in other words, if we are to adopt it, then all talk and all discussion relating to an examination of these books is entirely useless and time thrown away. It may be true that such examination as the accountant selected or to be selected by this committee, would result in confirming the report of Mr. De Freest and his assistants, and if so, this committee will be gratified, and entirely willing to adopt it.

But what can you say, when you report to the Legislature upon the work which you have performed, in response to an inquiry if you have examined or caused to be examined, the books of these various companies? Your only response can be, that you have adopted as correct a report made by another which was in existence at the time you were appointed chairman of this committee, and at the time that this committee was created, and in possession of the Legislature of the State at that time.

Now, I think we should determine at this time, if we are to examine the books of these companies. Or, in other words, if these companies are to place at the disposal of a competent and impartial accountant, their books for examination, and, if not, my advice is to this committee, to resort to all the power it possesses to enforce this examination.

With that, Mr. Chairman, I submit this matter to the committee.

I do not think that these letters put this committee in possession of knowledge of what is to be placed within the reach of the

accountant selected or to be selected. We know no more about it now than we did when we left here last Friday.

Mr. Nixon.— I think that in this, that I will state the judgment of the committee.

In the first place, it occurs to me that the committee are fully capable of satisfying themselves as to what the scope of the investigation under the authority conferred on it by the resolution under which it was appointed, to what extent it is allowed to investigate. It occurs to me in both of those communications that the secretary of one company, and the president of the other company, endeavor to determine for us what our duty is — what we are here to investigate. It seems to me that in this resolution it is perfectly plain that everything pertaining to the construction, bonding, indebtedness or management of a railroad, everything that there is pertaining to it, are matters for this committee properly to investigate, and I fail to see how we are able to make an investigation unless we have access to these books.

Now, the representative of one corporation came here this morning and said they would willingly let us place an expert on their books, that they had nothing to conceal, and I fail to see why the representatives of these two corporations deny to us the right to place an expert upon their books.

I think I voice the desire of this committee when I say it is our first duty to find out whether we have such right or not, and if we have to take such actions as may be necessary to enforce that right.

We left here last week, thinking everything was harmonious, and that we could agree upon such examination.

It occurs to me that it is not for these corporations to say what we shall or shall not examine. I agree with counsel that the duty and the first thing to be ascertained is our right in this regard. As he said, no member of the committee desires to say whether this report made is correct or not, but we are here to make an examination of our own, and not to indorse or not indorse the report of that commission.

Edward Merritt, called and sworn, testified:

By Mr. Wade:

Q. Mr. Merritt, you reside in Brooklyn? A. I do.

Q. And what business are you engaged in? A. I am president of the Long Island Loan and Trust Company, and also of the Brooklyn City Railroad Company.

Q. How long have you been president of the Brooklyn City Railroad Company? A. I was elected president, I think a year ago in May last.

Q. And have occupied that position since? A. Yes, sir.

Q. I show you a letter dated Brooklyn, N. Y., July 16, 1895, and ask you if you signed that letter? A. I did.

Q. And sent it to the chairman of this committee? A. I did.

Q. Inclosing with it a copy of a resolution passed by the board of directors? A. By the executive committee or board of directors.

Q. And I show you a paper inclosed, and ask you if that is a copy of the resolution adopted? A. Yes, sir; it is.

(Letter dated Brooklyn, N. Y., July 16, 1895, and signed by Edward Merritt, offered and received in evidence, and marked Exhibit 10. The resolution inclosed in the above letter offered and received in evidence, and marked Exhibit 11.)

Q. Mr. Merritt, will you permit an inspection and examination of all the books of this company by an accountant to be selected by this committee? A. Will you allow me to look at that letter a moment?

(Letter handed witness.)

A. I will; I state here, as you are aware, that "if the committee shall be advised that it is necessary to examine the correctness of the report made to the Board of Railroad Commissioners by its secretary, and that it is wise and expedient to incur the additional expense of another examination, the books of this company, so far as they relate to the cost of construction and expense of its operation of railroads, will be placed at the disposal of any com-

petent and impartial expert that may be selected by the committee;" I reiterate that statement.

Q. My question is not qualified; my question includes all the books of this company. A. Well, I can not give an unqualified answer to that; all the books that are necessary in any way for the examination of the committee within the scope of its powers will be freely and cheerfully submitted to them.

By Mr. Hennessey:

Q. Whom do you suppose is to determine the scope and powers of the committee? A. The committee itself, I should suppose; and with the resolution, I should suppose, under which they are appointed, I should think would determine that.

Q. Whom do you assume is to interpret the resolution? A. My general answer is that the Brooklyn City Railroad Company has nothing in its books, papers and accounts from its organization to the present day that is not freely at the disposal of your committee, to make such an examination as you deem in your powers cover.

Q. Do you hold that satisfactory?

Mr. Wade.—Yes; if that includes the stock ledger.

A. It does not include the stock ledger, providing that provides for the publication of the list of stockholders; that we should object to; an examination on the part of the committee of the stock ledger we have no objection whatever to it, but we do not think that the names of the stockholders should be published in any official report; with that reservation everything is at your disposal.

Q. What is the objection to having the committee report to the Legislature the names of the stockholders and the amount of stock each holds? A. The objection is, that the ownership of stock in any corporation is the stockholder's private business, and no company has a right to publicly announce that you or anybody else is a holder of its stock without his consent; it is a private matter; no more than I have a right to say what you have in your pocket.

By Mr. Nixon:

Q. Supposing it is charged' there is a collusion on the part of the stockholders in a corporation to do certain things; that an examination is asked to find out whether there was a collusion?

A. They can get the names of any stockholder and examine them; I have no objection to the committee's getting the names and examining any stockholders, but I do object to the names of the stockholders being included in any printed report to the Assembly; the stock ledger is entirely at your service to subpoena any number of them before you that you wish; if there is any charge of collusion, and you can fix it on any one of them, you can subpoena them all; my only objection is that in any printed report that you make to printing the names.

Q. You refer to the entire list of stockholders? A. Yes, sir; you are perfectly at liberty to subpoena any of them.

By Mr. Hennessey:

Q. Your answer is this, that it may select an accountant and examine all the books of the company? A. Yes.

Q. With the exception that the names of the stockholders shall not be published? A. Yes; that is, putting it briefly and just as I would like; every book of the company is at your service, including the ledger, providing the stockholders' names are not published.

By Mr. Wade:

Q. You want a sort of a bargain entered into that the list of stockholders shall not be included in the report this committee shall make? A. That it shall be made public.

Q. That is the only way it has of making it public? A. A bargain entered into, using that word; I stated my reason that I do not think any corporation has a right to make public the list of its stockholders, the ownership in any corporation being the private property of the individual stockholders; and yet I do not dispute your right, and I am perfectly willing and glad to have you have

the names of them and examine and get all the information possible, but not to publish them.

Q. Are you aware of the fact that the resolution adopted by the assembly in specific terms included this inquiry? A. What inquiry.

Q. The capital stock; no matter why: "That a committee of seven members of this house be appointed by the speaker, whose duty it shall be to examine all matters pertaining to the cost of construction, expense of operation, capital stock and bonded indebtedness?" A. All right, sir.

Q. Supposing on examination of the stock ledger it should be discovered that a proper discharge of the duties of this committee rendered necessary the publication, what would you say then? A. I should say that I should strenuously object to and oppose in any proper way, any publication of the names of our stockholders

Q. You take the position that there is nothing in the list of stockholders that reflects discredit upon the company in any way, form or manner? A. I do.

Q. Your only point is that it is so much a private matter of each individual stockholder that you do not want it made public? A. Yes, sir.

Q. Do you keep your stock ledger open to the inspection of stockholders? A. Yes, sir, any stockholder has a right.

Q. And make a copy of it, if he wishes? A. If he wants to take the trouble.

Q. What? Yes, sir, if he wishes to take the trouble to do it; I can not say; the question has never been raised; there is a general custom to allow a stockholder to look over a list if he wishes; I have never known a case where a stockholder of a corporation of this size wanted to make any list.

Q. As a matter of fact, the statute gives him just that privilege? A. I say, I suppose it does.

Q. The stock book, Mr. Merritt, I read you from the statute, "The stock book of every such corporation shall be open daily during business hours, for the inspection of its stockholders and

judgment creditors who may make extracts therefrom? " A. Yes, sir; that is a question of law that I can give no opinion upon.

Q. If this committee sent an expert to your office to-morrow morning to commence an examination of the books of this company, would you afford him all reasonable facilities for that purpose? A. With pleasure.

Q. And the only reservation you make is, in the examination of the stock-book, the stock-ledger, that the names of the individual stockholders shall not be published? A. Yes, sir.

By Mr. Nixon:

Q. That is, we understand you, when Mr. Wade says the names, you mean the entire list of stockholders shall not be published; you do not object to any one or half a dozen stockholders to be published; you mean a copy of your stock ledger being published; is that it? A. I object upon the ground I stated, that I doubt the right of any corporation to give those facts out for publication, as affecting the private property of individuals who simply are members of the corporation as they own shares of its stock; the stock ledger, as I told you, is open for your inspection; if, after what I have said, it is deemed by the committee necessary to select certain names there, I do not know how I could prevent it; I hardly see how it could come.

By Mr. Wade:

Q. It might lead to subpoenaing some man? A. I stated you could subpoena any or all of them; I have no objection to that, and get any information from the stock ledger necessary for your investigation.

Q. Can you state about the number? A. I think that the last time the list was made out there was something like 1,300 stockholders; about that.

Q. We won't have time to examine quite all of them. A. Very large numbers of them own ten shares, and some one share, and there are others that own large blocks; you can ascertain all those

facts, and I have not the slightest objection; I only want, if you make a report to the Assembly that is printed, you wont make a list of the stockholders.

By Mr. Nixon:

Q. You refer to the entire list of stockholders? A. Yes, sir.

By Mr. Wade:

Q. I think we understand your position, Mr. Merritt; I will have to commence over again. A. Not all the way.

Q. No; the question I propounded was, are you a stockholder in the Long Island Traction Company? A. I am not.

Q. Have you ever been? A. I was about a year ago; I bought some stock and afterwards sold it.

Q. You had nothing to do with its organization? A. I had not.

Q. Were you, at the time of its organization, a stockholder in the Brooklyn City Railroad Company? A. I think I was; I am not quite sure about that; I was not a director in the Long Island City, and I had nothing to do with it; I might have owned a little of its stock because I bought and sold occasionally; no, I was not, because I did not subscribe to the Long Island Traction stock at \$15 a share.

Q. And did not have any option to do it? A. No, sir, I did not; I was not a stockholder at that time.

Q. And, subsequent to that time, you became a stockholder in the Long Island City? A. Yes, I have been off and on a stockholder a good while.

Q. At what is the Long Island City stock quoted at now? A. About 179 to 180; the dividend that has just been paid —

Q. Just prior to the payment of the dividend? A. It was about 185; about that.

Q. Were you ever an officer in the Long Island City prior to your election as president? A. No, sir.

Q. Were you ever on its board of directors prior to that time? A. A short time prior; I want to explain that a moment.

Q. Very well. A. I was elected director perhaps a year ago last April, and a month or two after that I was elected president pro tem to take the place of the retiring president, but at the annual election in January last they elected me president.

Q. Again? A. Yes, sir.

Q. So you acted in that capacity from April to January, and then you were regularly elected? A. Yes, sir; it was either April or May; I forgot the month.

Q. At the time you became a director in the spring of 1894, was the first time you ever held an official position in that railroad company? A. Yes, sir.

Q. Were you ever familiar with any of the operations prior to that time, other than the increase and the issuing of its stock? A. No.

Q. Were you a stockholder at any of the times when it increased its capital stock? A. No.

Q. The business of the company now and since you have been its president, consists in simply receiving its rentals from the Brooklyn Heights Railroad Company? A. Rather more than that.

Q. What other active business does it have? A. It is supposed to keep a little watch on its property, as any other landlord would, to see that its tenant is fulfilling the conditions of the lease and keeping the property in shape; vague and general, however; nothing specific.

Q. It is operating no road? A. Oh, no.

Q. Does it pay any of its officers a salary now? A. Yes, sir.

Q. What officers receive a salary? A. President and secretary and treasurer; the secretary and treasurer is one man.

Q. What is the salary of the president? A. I object to mentioning it unless it is necessary.

Q. I do not care particularly about it, only to know substantially what the company is now doing, and that might indicate?

A. If the question is insisted upon of course I shall answer it.

Q. You have to make that report annually to the State, do you

not? A. No; I do not think we do; I am not quite sure; perhaps I do.

Q. Here it is, made last fall? A. Perhaps that tells; it is just the same as it was then; it is small enough, I know that.

Q. You report the salaries of officers as \$6,500? A. Yes, sir.

Q. General officers; that is divided between the president and secretary and treasurer? A. The secretary and treasurer are but one man; yes, sir; and a clerk; there is an assistant there.

Q. What do you pay the clerk? A. Oh, if you want to know, they pay me \$3,600 a year, and they pay the secretary \$3,000, I think it is; I am quite sure; and the clerk \$10 or \$12 a week.

Q. Amounts to about \$600, his salary? A. Yes, sir; it is about that.

Q. You said it was \$3,000? A. No; mine; and the secretary I know, but the clerk's I do not remember.

Q. That would give him \$400 a year? A. Perhaps that is it.

Q. I think that is all I care to ask, Mr. Merritt.

Timothy S. Williams, recalled, testified:

By Mr. Wade:

Q. Last week you were subpoenaed to produce before this committee the books of the Brooklyn Heights Railroad Company, were you not? A. Yes, sir.

Q. And you appeared before the committee without the books? A. I appeared with some of the books.

Q. You did not bring them all? A. No, sir.

Q. To-day, Mr. Williams, a letter has been received by the chairman of this committee, which I exhibit to you, dated July 17, and ask you if you sent that letter to the chairman of this committee? A. Yes, sir.

(Letter marked for identification, Exhibit 12.)

Q. Now, Mr. Williams, are you willing to place all the books of the Brooklyn Heights Railroad Company where they can be conveniently examined and inspected by an accountant to be ap-

pointed by this committee? A. Within the lines of authority conferred on your committee I am, provided the expert is competent and impartial.

Q. How do you want to determine the authority and power of this committee; do you mean to be the judge of that yourself, or let the committee judge of it? A. No; but if I should think this committee was exceeding its powers, I would want to be in a position —

Q. My question is pretty plain. A. I want my answers to be.

Q. Are you prepared to place those books before this committee in obedience to that subpoena, or will you submit them to the examination of an expert appointed by the committee, at the office of the company? A. My position is stated clearly in that letter.

Q. We disagree with you; who drafted that letter? A. I drafted it.

Q. Did you have assistance about it? A. No, sir; the assistance of a stenographer.

Q. Did some lawyer have a hand in it? A. I wrote it and drafted it.

Q. I ask you if some attorney had a hand in getting up that letter? A. No, sir.

Q. I see it is so near like the other one I did not know. A. I told you in the letter I was familiar with the contents of the letter Mr. Merritt sent.

Q. Your letter leaves open certain questions; in other words, it is assumed you were to decide the powers of the committee under the resolution, in so far as to the examination of the books; the committee take a position hostile to that; it is to be the judge of what authority is conferred by the resolution; my inquiry is, will you permit the examination of all those books; that means all of them? A. I think I will stand on the letter.

Q. Then I must ask you to obey the subpoena and bring them all here, even if it is a carload; we can not have anything uncertain about this? A. If you will allow me to make a suggestion, Mr. Wade, that when this request was made on Friday it was upon

the understanding that no experts should be sent there who had any personal grievance against the company.

Q. If that is what you are standing on we will dispose of that; no such person will be sent there. A. I did not suppose you would.

Q. I did not suppose you were dwelling on that now, because you had our assurance that it should not be. A. At that time I extended every assurance to the committee that all the information which the committee could properly ask for or wish from the Brooklyn Heights Railroad Company will be gladly furnished them, and that any competent or impartial expert that they will send there to examine the books will receive all the proper facilities; that statement I adhere to; I have repeated it in my letter; I did not think that letter was at all ambiguous.

By Mr. Nixon:

Q. Your letter states what we shall examine and what not; I think we should state. A. You would not want me to promise to give you information outside of your jurisdiction?

Q. No; we do not want anything we are not entitled to receive; if you say you will allow an expert to go there under this resolution and obtain what information we can from your books, based on that, that is all we want.

By Mr. Wade:

Q. If you do not, we shall insist on your obeying the subpoena. A. Would not that question properly come up after you have sent an expert there and he has been refused any?

Q. We have no authority to send an expert there. A. That was your request.

Q. It will be as convenient, then, to say — it will, in other words, save you more annoyance; we have a right to insist that you produce those books. A. Yes, sir.

Q. Even if a trainload; and in the course of time our expert can get through them here. A. Yes, sir.

Q. Wouldn't that be rather childish? A. I am not suggesting that course.

Q. But if you insist on qualifying the right to examine those books you not only suggest that course but force it; take your choice. A. Isn't that a question that would properly come before you after I had attempted to construe the powers of the committee?

Q. You have insisted on the right? A. I have insisted on no right, excepting the right any citizen of the State of New York has under its constitution and laws; I do not think there need be any misunderstanding between you and I.

Q. I do not want any, and when we settle this, I want it settled. A. And the company; the question you raise I think might properly be answered when it is properly raised; if you send an expert there and we should deny him authority to inquire into any particular matters, then, it seems to me, would be the time for you to require the production of the books, or else to give to him the right to inspect such books as he wanted to.

Q. I do not look at it in just that way; what I want from you is permission for the accountant to go there and make an examination of your books in a decent, but thorough manner, and if you are not willing to concede that right, why, then, we shall ask you to obey the subpoena and bring them here. A. I have conceded that right, in my letter, it seems to me.

Q. If you want us to interpret it in that way we will gladly do so. A. I have no desire to have you interpret it otherwise than I meant it.

Q. I mean a thorough examination of all the books, let them disclose what they will, hoping that it will disclose nothing that is improper; I presume it will not. A. I do not know of any books there that your committee either personally or officially might not, with perfect propriety, look into, but the terms of the resolution under which you are acting indicate certain lines of inquiry; now, all I intended to do in that letter was to reserve the right, in case you transgressed the terms of the resolution, which I have no idea you intend to do or would do, to protest; it was those cir-

cumstances, and no other circumstances, I had in mind, when I inserted that qualification.

Q. You do not contend there is any objection to disclosing your stock ledger? A. No, sir; I had it here the other day.

Q. That only indicates the stockholder of the Brooklyn Heights necessary to maintaining organization? A. It indicates all the stockholders.

Q. There is only one? A. The books show.

Q. Several have testified here, that the Long Island Traction Company own the stock of the Brooklyn Heights Company, except a certain number of shares necessary to qualify the directors; that is true, is it not? A. Yes, sir.

Q. So there is nothing about the stock book which you wish to withhold? A. No, sir.

By Mr. Hennessey:

Q. You say in this, so far as the books relate to the cost of construction and the operation of its railroad, at the disposal of any competent and impartial expert who may be selected by your committee, within the lines of the authority conferred by the Assembly; now, this resolution of the Assembly goes further; the resolution says, we shall investigate the general management and such other matters pertaining to said road as will give to the people of these municipalities proper information upon the question of the profits of the said enterprises? A. Anything in line with the terms of the resolution.

Q. Your letter does not cover that? A. My testimony here will, then.

By Mr. Nixon:

Q. We do not want anything further, outside of that. A. That is what I presumed.

By Mr. Wade:

Q. I think that covers the whole thing. A. I did not intend to raise any such issue.

Q. It did not strike me as an issue raised by a layman, is the

reason I raised the question. A. I have had some experience with law makers and also with law.

Q. If you have a little experience with lawyers you will have completed the list; then we shall expect within a reasonable time to send an expert there for the purposes indicated. A. All right, sir.

Q. I trust that you and he will get along pleasantly. A. If he is the sort of gentleman I think you will send, I have no doubt but what we will get along very nicely.

Q. That is all, then, I care to ask you about to-day.

Charles M. Englis, called and sworn, testified:

By Mr. Wade:

Q. Where do you reside? A. One hundred and seventy-six Clinton avenue, Brooklyn.

Q. Are you connected with either of the surface street railroads of Brooklyn? A. I am.

Q. With which one? A. I am president of the Brooklyn, Queens County and Suburban Railroad.

Q. How long have you occupied that position? A. During the year 1894 and thus far in 1895.

Q. Who was your predecessor? A. A Mr. Hutchinson.

Q. Give me his full name. A. I do not know it.

Q. How long have you been connected with the Brooklyn, Queens County and Suburban Railroad, Mr. Englis, as a stockholder or director? A. Ever since January, 1894.

Q. Prior to that time were you a stockholder in the company? A. Possibly in December; I am not called, usually, up about that neighborhood.

Q. Were you connected with it in any capacity or in any manner at the time of its organization? A. No, sir.

Q. Do you know when it was incorporated? A. I think in November.

Q. What year? A. Eighteen hundred and ninety-three, I believe; 1893.

Q. A year ago last November? A. Yes, sir; yes, a year ago last November; I say November; I am not quite sure whether it was November or October.

Q. Were you at that time connected with any other surface street railroad company in Brooklyn? A. No.

Q. Had you ever been? A. No; I never had, except I held a bond in a small railroad in the eastern district at one time; I was not a stockholder.

Q. Do you know the roads that were consolidated by the formation of the Brooklyn, Queens County and Suburban Railroad Company? A. I do.

Q. What? A. Broadway railroad; the Broadway and Ralph Avenue; whether they were in separate companies I do not know; I can give you the rest; Broadway and Sumner Avenue, Broadway and Reed Avenue, Broadway and Eastern New York, Eastern New York and Cyprus Hill, Brooklyn and Jamaica Railroad Company, Broadway Ferry and Metropolitan Avenue.

Q. You were president of the Brooklyn, Queens County and Suburban Railroad at the time these roads were consolidated?

A. Yes, sir.

Q. And taken by the Brooklyn, Queens County and Suburban?

A. Yes, sir.

Q. And familiar with the entire transactions? A. So far as the company is concerned, yes, sir.

Q. Are you familiar with the summer in which the Brooklyn, Queens County and Suburban Company acquired these other roads? A. Yes, I think I am.

Q. The report made to the Railroad Commissioners shows that this railroad company was incorporated November 25, 1893? A. Yes, sir.

Q. Does that correspond with your recollection? A. That I do not know anything about it; I went in in December, 1893, and I was not in at the time of its incorporation.

Q. At the time you went in it was not operating any road? A. No, sir.

Q. Nor it had not been? A. It had not been.

Q. You knew what was called the Broadway Railroad Company of Brooklyn? A. I knew there was such a company.

Q. And the Broadway Ferry and Metropolitan Avenue Railroad Company? A. Yes, sir.

Q. And the Jamaica and Brooklyn Road Company? A. Yes, sir.

Q. Was your company the lessee of those three companies at some time? A. I think not; I think we purchased; I won't state.

Q. This report shows on January 16, 1894, this company (meaning the Brooklyn, Queens County and Suburban)? A. Exactly.

Q. Being the lessee of the following railroad companies, and the Jamaica and Brooklyn Railroad Company took a surrender transfer of the whole of the capital stock of said company? A. Exactly.

Q. And certificates thereof were on file in the office of the Secretary of State, and so forth; do you remember that transaction? A. Yes, I remember the proceedings.

Q. Then you acquired those three roads in that manner. A. Yes, sir.

Q. Do you know what was the indebtedness of those three roads at that time? A. I do not.

Q. Will your books show that? A. The books will probably show it; I know what the bonded indebtedness was.

Q. In taking the road did you assume that? A. We assumed the bonded indebtedness; we assumed the bonded indebtedness of two roads, and the indebtedness of the third was paid off by the parties from whom we purchased.

Q. Who were the original subscribers to the capital stock of the Brooklyn, Queens County and Suburban Railroad? A. I do not know.

Q. Was any money paid into the treasury of the company on

the issue of that stock for the stock? A. Directly into the company?

Q. Yes, sir. A. I do not know; I was not in the company at the time, and I do not know whether there was any money paid in at the time.

Q. When you went in there did it have any? A. No, sir.

Q. Was the stock then issued? A. No, sir.

Q. Then you must know, being president of the company. A. No, there was none to my knowledge.

Q. You acquired these various lines in what manner? A. By purchase.

Q. With what did you make the payments? A. By its bonds and stock.

Q. Did you give to any of these subordinates or smaller companies, any of the stock of the Brooklyn, Queens County and Suburban Company? A. Not that I am aware of; no.

Q. Then you did not make the payments in stock, did you? A. Why not; we paid the party from whom we purchased the stock and bonds.

Q. Whom did you purchase from? A. That I do not know; we purchased from a representative of a syndicate.

Q. Who was the person with whom you had the transaction? A. H. B. Hollins & Co.

Q. Were you a party representing the Brooklyn, Queens County and Suburban Railroad Company in that transaction? A. I was.

Q. And did you have all the negotiations on behalf of the Brooklyn, Queens County and Suburban Railroad Company? A. No.

Q. Who was associated with you? A. The board of directors.

Q. They did not negotiate as a board, did they? A. They did; yes, sir.

Q. Does the minutes show their negotiations? A. The minute book ought to show their negotiations; they probably do; they ought to; they were there and I presume they were written down.

Q. Don't you ever, at your meetings, adopt the minutes of the

last meeting? A. Yes, sir; we do not write them up; we adopt them.

Q. You adopt them on the reading of them? A. Yes, sir.

Q. You know whether they were there, then? A. I presume they are; they were passed upon and are probably there.

Q. Who acquired the stock of these various companies that you absorbed into the Brooklyn, Queens County and Suburban Railroad Company? A. I do not know; as we bought them from one party; who acquired them I do not know.

Q. That was H. B. Hollins & Co.? A. We dealt with H. B. Hollins & Co. as their agents.

Q. Then, so far as these transactions go, you had these negotiations and entered into this arrangement with H. B. Hollins & Co.? A. Yes, sir.

Q. Were you not familiar with the scheme that was contemplated? A. No, sir; I was not; so far as my own company was, yes, sir.

Q. What company was that? A. The Brooklyn, Queens County and Suburban Railroad Company.

Q. How much stock did you have in the Brooklyn, Queens County and Suburban Railroad Company? A. Five shares.

Q. Five shares; and had you ever paid anything into the treasury for the five shares? A. No, sir; I do not think I had.

Q. So you have no great financial interest to protect? A. No.

Q. Did you know of any other stockholder that had paid money into the treasury at that time? A. I did not.

Q. Others hold portions of it? A. The directors hold a portion; I do not know how much.

Q. Is it not true that you, as president of the Brooklyn, Queens County and Suburban Railroad Company, knew the scheme that the parties had in mind? A. No, sir.

Q. You know what it resulted in? A. No, I do not; so far as the outside was concerned, I do not.

Q. You know what it resulted in, so far as the Brooklyn, Queens County and Suburban Company was concerned? A. Yes, sir.

Q. You know the stock was transferred to the Long Island Traction Company? A. No; I have understood that it was now in the possession of the Long Island Traction Company.

Q. Did you not sign the agreement that put it there? A. I think not.

Q. Do you not remember selling \$2,000,000 of stock there for a dollar? A. I do not.

Q. And signing a written agreement to that effect? A. No; I do not; my remembrance of the affair was that when we purchased the property we gave these bonds and stock to the parties from whom we purchased; what they did with it is a question I can not answer.

Q. You intended to issue stocks and bonds sufficient to cover all the purchases made and the indebtedness which you assumed, did you not, at the time you took in these other companies? A. Let me understand that question again?

Q. I say, you intended to issue stocks and bonds sufficient to cover all the purchases which you made, and all the indebtedness which you assumed? A. Exactly.

Q. The bonds did that, did they not, in figures? A. In figures; yes, sir.

Q. And more than enough in figures? A. Yes, sir.

Q. And the stock really represented nothing? A. No; we gave for this property the stock and bonds to a certain amount.

Q. You gave bonds more than the amount of the purchase and the indebtedness assumed, did you not? A. I think not.

Q. And the first report you ever made to the State you reported the stock as worthless, did you not? A. That I do not know.

Q. Two million dollars? A. That I do not know; I presume it was reported that way.

Q. And do you regard that stock as standing there, representing any tangible assets? A. I regard it as representing a future asset.

Q. To-day? A. No particular asset at present.

Q. And never has? A. There has been an offer made on it, I have understood.

Q. How much? A. Ten dollars a share.

Q. When? A. Within a year.

Q. About how recently? A. I say, about a year ago.

Q. That would be about July, 1894? A. About that.

Q. When did you first learn that? A. At that time.

Q. That was known among the officers of the Brooklyn, Queens County and Suburban Railroad Company? A. Not that I know of; it was told me by an outside party; from the firm the offer was I can not say.

Q. It did not induce a report to the State Comptroller that it was worth 10 a share, did it? A. No; whether the offer was a bona fide one or not I could not say; it never came to the ears of the officers of the company.

Q. I will ask you if it was not a question at the time that the bonds issued, should net enough under sale to take care of all purchases made? A. By our company?

Q. Yes, sir. A. Not than I so understand.

Q. How did you expect the rest was to be paid? A. The rest of the bonds?

Q. The rest of the purchase-price, if there was any balance? A. We paid for the purchase-price of the property, the stock and bonds of the company, and that was the purchase-price.

Q. What was the amount of bonds that you issued? A. The authorized issue was, in first mortgage bonds, \$3,500,000, but out of that \$3,500,000 the bonded indebtedness of the Broadway railroad was provided for; also out of the first mortgage bonds, an amount which was thought necessary to equip the road, to change the equipment, was reserved for sale and cash, or was sold for cash and the cash paid into the company.

Q. There is \$3,500,000 of first mortgage bonds authorized? A. Yes, sir.

Q. Were they issued? A. They were issued eventually.

Q. How much of second mortgage bonds? A. Two million five hundred thousand dollars.

Q. Two million five hundred thousand dollars? A. Yes, sir; authorized; they were not issued.

Q. Two million five hundred thousand dollars actually issued?
A. Yes, sir.

Q. And \$2,000,000 more authorized? A. Two million dollars more authorized on the construction of extensions; not to be issued otherwise.

Q. I suppose they are held by the trust company? A. Yes, sir.

Q. Held there? A. Yes, sir.

Q. And to be taken out when you require extensions or betterments? A. Yes, sir; exactly; they have a first mortgage on the extension.

Q. How many miles of road are there in the Brooklyn, Queens County and Suburban Railroad Company? A. Of both electric and horse, about 42 miles.

Q. How many miles of electric? A. I could not say; principally electric; a very small portion under horses; we are still reconstructing.

Q. About how much? A. Possibly six miles under horses, and possibly eight miles; we are undergoing construction.

Q. About 40 miles, you say? A. About 40 miles in all; I should say about 30 to 32 miles of electric construction; somewhere between 40 and 42 miles in all; I am not quite positive; there is still outstanding \$240,000 on the Jamaica road; \$350,000 have been recently taken up.

Q. What indebtedness is there still outstanding on either of these three other companies of the bonded indebtedness? A. Two hundred and forty thousand dollars on the Jamaica.

Q. Now, the Broadway? A. There was \$350,000 on the Broadway; that was under the agreement; six months' notices, we called them; notice was given the 16th of January, 1895, and they were paid off the 1st of July, and the first mortgage bonds of the company sold to pay off these underlying bonds, and they have since been paid off and are now in the hands of the trustee.

Q. So you have retired that \$350,000? A. Yes, sir.

Q. And your company stands to-day with \$3,500,000 first mortgage bonds issued? A. Yes, sir.

Q. And the proceeds of those bonds used? A. Yes, sir.

Q. Two million five hundred thousand dollars second mortgage bonds? A. Yes, sir.

Q. And are the proceeds of those bonds used? A. Yes, sir.

Q. And you have \$240,000 of the Jamaica road you were to retire? A. No; we were not to retire.

Q. Don't you assume them? A. Yes, sir.

Q. Then you eventually are to retire them? A. Yes, sir.

Q. That increases your indebtedness so much? A. Yes, sir.

Q. Now, what others are there? A. Two hundred and fifty thousand of the first consolidated mortgage, or the second mortgage.

Q. On what? A. Bonds.

Q. Of the Brooklyn, Queens County and Suburban Railroad Company? A. Yes, sir; were to be used for the purposes of construction.

Q. Was that a part of the \$2,500,000? A. That is part of the \$2,500,000, the second mortgage.

Q. Have they been used? A. They have been used as collateral.

Q. For what? A. For the purposes of construction; according to the mortgage that \$250,000 was to be used for the purpose of additional funds, if necessary, for the purpose of construction, and on that have been borrowed about \$112,000.

Q. So that actually stands \$112,000 against the company. A. Yes, sir.

Q. Should that be taken from the \$2,500,000? A. That is in addition to the \$2,500,000 for the second mortgages issued; they were not issued only as collateral.

Q. What other indebtedness of the company? A. None other, unless it may be for the current expenses.

Q. I do not mean that; any other assumed indebtedness? A. No, no other.

Q. What has become of the \$100,000 indebtedness of the Gates Avenue and Flatbush? A. That is included in the \$350,000; I

was not quite sure whether the \$350,000 was on the Broadway; I think \$100,000 of it was on the Gates Avenue.

Q. And the other on the Broadway? A. Yes, sir.

Q. So that the \$112,000, the \$240,000, the \$2,500,000, and the \$3,500,000, represents the indebtedness of the Brooklyn, Queens County and Suburban Railroad Company to-day? A. Exactly.

Q. Or \$6,352,000? A. Yes, sir; I should say that was it, without adding.

Q. About what does it cost to build an electric road like you own? A. I do not know.

Q. Have you any idea about it? A. No, I have not.

Q. Well, your outstanding indebtedness makes your road cast \$158,800 a mile, saying nothing about the stock; you are satisfied it does not cost as much as that, are you? A. I do not know anything about it; I never constructed a road in my life.

Q. You are reconstructing one now? A. Yes, sir.

Q. Are you not sufficiently acquainted with the railroad business to know whether a mile of electric road costs \$158,000 a mile, including equipments? A. I say I am not an expert, and I do not know anything about it.

Q. Do you think it costs one-half of it? A. Possibly not; I do not know.

Q. Does the road pay any dividend upon its stock? A. It does not.

Q. Has it made operating expenses? A. I think it has, but it would be hard to tell, because we are still under course of construction, and have not finished construction of our road, and we are using our income rather than go in debt; we are using our income for construction yet.

By Mr. Nixon:

Q. Don't you know whether you pay operating expenses? A. No.

Q. Don't you keep an earning account? A. Yes, sir.

Q. Can not you tell the cost of your road? A. Probably we did; but I do not know.

Q. You do not know? A. No, sir.

By Mr. Wade:

Q. You have charge of the duty of making contracts? A. No, sir.

Q. What are the duties of your office? A. To see that the bills are properly paid and honestly paid, and none paid otherwise.

Q. You have to O. K. all the bills? A. Yes, sir; after passing the hands of the committee.

Q. That involves knowing all about it? A. No, sir.

Q. How can you O. K. A. Because I O. K. the bill on the recommendation of the committee and the engineer; I have to depend on both the engineer and the committee.

Q. Then you do not make an examination of such bills yourself? A. Certainly not; I do as I would in any other business; if I had an engineer appointed for that business.

Q. Your books will show how much of the earnings of the road are going into construction now? A. Certainly they will?

Q. And they will show what items are charged to construction? A. Certainly.

Q. And reconstruction? A. Certainly.

Q. Are you willing that the committee should send an expert accountant there to examine all the books of this company? A. I am.

Q. Thoroughly? A. Yes, sir.

Q. And you will facilitate him in that work as much as you can conveniently? A. Yes, sir.

Q. And your treasurer likewise? A. Certainly.

Q. Will you make a statement to this committee in writing showing what roads were acquired by the Brooklyn, Queens County and Suburban Railroad Company, the amount of track-age acquired, and the equipment acquired at the time; will that be asking too much of you? A. No, sir; I think the books will all show.

Q. Maybe the accountant will get that. A. Probably they will get that better from the books than I could in a written statement.

Q. You still retain five shares of stock? A. I do.

Q. Are you a stockholder in the Long Island Traction Com-

pany? A. I think I have 100 shares; in some one else's name, though; bought within three weeks.

By Mr. Nixon:

Q. Bought when? A. Bought it within three weeks.

By Mr. Wade:

Q. Had you owned it prior to that time? A. I had bought and sold stock for the past year.

Q. As a matter of speculation? A. Exactly; I had no interest in the company.

Q. What is the stock worth? A. I think yesterday it was about 13 or 14.

Q. Someone told me last week it was six? A. Five dollars a share has been paid since then; there has been an assessment.

Q. Probably that is what has induced the raise rather than our investigation? A. There is no question about that.

Q. Prior to the payment of the assessment what was it quoted? A. I do not know; I think about nine; between nine and ten.

Q. What did you give when you purchased a week or two ago? A. Between $12\frac{1}{2}$ and 13, I think.

Q. Did that include the five? A. It did not; the five was paid last Saturday; I would like to borrow \$500 of you if you have got it to spare.

Q. Then you have no substantial interest in the Brooklyn, Queens County and Suburban? A. No, sir; no more than the five shares.

Q. And your labors are rendered solely for your salary? A. Institutions in which I am interested have interests in the first-mortgage bonds which I have purchased.

Q. So your services are rendered there for the salary? A. Exactly.

Q. Who are the directors of that company? A. Edward Johnson is one, John G. Jenkins, Jr., is another, Mr. Burke is another, Mr. Moses May is another, Mr. Seligman is another, Mr. Freen is the other, I think.

Q. Are most of those persons owners of capital stock in the Brooklyn City Railroad? A. I do not know that any of them; I do not think any of them are; but what they own I have no personal knowledge.

Q. Are most of them owners of stock of the Long Island Traction Company? A. That I do not know.

Q. Do you know how they happened to assume the position of directors? A. I do not.

Q. Of this company? A. I do not.

Q. There is some inducement aside from the ownership of five shares of worthless stock, is there not? A. I could not tell you.

Q. They do not receive a salary, do they? A. No, sir.

Q. Is Mr. Wicker one of the directors? A. Yes, sir; C. M. Wicker.

Q. And you have no idea or information why those people are directors in this company? A. No, sir; I have not.

Q. How many of the officers are salaried? A. Two only.

Q. What two? A. The president and the vice-president and general manager.

Q. Does not the secretary and treasurer draw a salary? A. I think not; not that I am aware of.

Q. What does he have to do? A. Not anything; the secretary and treasurer are two different people.

Q. Take the secretary first? A. The secretary does not do anything but write the minutes.

Q. What does the treasurer do? A. Signs the checks and passes on such bills as he knows anything about.

Q. He does not get any salary? A. No, sir.

Q. Who is he? A. John G. Jenkins, Jr.

Q. His father is one of the owners of the capital stock of the Brooklyn City? A. I do not know; that is the Jenkins who is in the Brooklyn City; whether he owns any stock, I do not know.

Q. We had a witness, Jenkins? A. That is his son.

Q. He gets nothing for passing on bills? A. No, sir.

Q. He is required to pass on all bills he knows about? A. Yes, sir.

Q. Does he keep the books? A. No, sir.

Q. The bookkeeping is under his direction, is it not? A. Probably it is; principally under our auditor and general manager's directions.

Q. Who is the general manager? A. C. M. Wicker.

Q. What salary does he get? A. That I do not know.

Q. Didn't you help vote it? A. I did, yes, but I couldn't tell you now whether it is \$4,000 or whether it is \$5,000; it was some time ago.

Q. Who audits the bills for his salary; don't you have to do that? A. Yes, sir.

Q. What do you think it is? A. I think it is about \$4,000; I am not sure.

Q. What is the vice-president's salary? A. Vice-president and manager are the same.

Q. What does he get? A. They are one and the same person.

Q. Excuse me; I understand you now; and that salary covers both? A. Yes, sir; exactly.

Q. What is the salary of the president? A. Twenty-five hundred dollars.

Q. Were the salaries increased recently? A. Not that I am aware of.

Q. Your report last year shows your salaries, \$5,992.32? A. Up to what date, last year.

Q. I supposed the date of this report; it is dated June 30th?

A. Eighteen hundred and ninety-four; we commence in January, 1894, so we only had six months; that does not really mean a yearly report.

Q. This is the year ending June 30, 1894? A. That is only six months; up to that time that money was not paid to general manager; we were under horse construction; it was after that increase in the general manager he took charge of the construction as well.

Q. Do you think all the roads of the Brooklyn, Queens County

and Suburban are worth as much as the bonded indebtedness?

A. I couldn't answer that; I do not know.

Q. Have you got some train to make? A. Yes, sir; I would like to get the 4.20, and I would like much to get it; I will come in in the morning.

Q. Some time we will send word to you? A. I told your man if he would leave word at the bank I would always come.

By Mr. Nixon:

Q. What is your business? A. I am a ship builder and house builder, etc.

James H. Frothingham, called and sworn, testified:

By Mr. Wade:

Q. You reside in Brooklyn? A. I do.

Q. Are you connected with one or more of the elevated roads? A. With one and not more.

Q. What one? A. The Kings County.

Q. How long have you been connected with it? A. I have been connected with it more or less since its organization, but chiefly since 1885.

Q. When was it incorporated? A. It was incorporated, I think, in 1879; it was the first company organized under the rapid transit act of 1875.

Q. Is it the lessee of any other road? A. It has been; it was until within the last few months, the lessee of the Fulton Elevated Railroad Company, but about a month ago the Fulton Elevated Railroad Company was mortgaged into the Kings County Elevated Railroad Company under the general railroad act.

Q. They form one company? A. Yes, sir.

Q. The contract of merger entered into? A. Yes, sir; between a lessee and a lessor railroad company.

Q. What was the Kings County Railroad Company originally incorporated for; I mean the amount of its capital stock? A. the original amount of its capital stock was \$1,000,000.

Q. Were you one of the subscribers to that? A. I was nominally one of the subscribers to that; I was, in fact, one of the subscribers; but I put no money of my own into that at the time.

Q. When did it commence the construction of the road; how soon after this subscription? A. A very, very long time after that; I should think that actual construction of the road was not begun until 1885, or 1886 or 1887; am I right in that 1887, the general manager says.

Q. Did it have any expenditures of more than a nominal amount prior to that time? A. Yes, sir.

Q. What? A. In obtaining the consents of property owners; paying legal and general expenses.

Q. That was in acquiring the right? A. It was in the beginning of the acquisition of the right; yes, sir.

Q. Anything beyond that? A. The original capital stock was issued, as I understand, in payment of the patent rights belonging at that time to General Roy Stone, and persons associated with him, unknown to me, which were patent rights for elevated railroad construction, recommended, as I believe, in the charter conditions of the road; that is the maner in which the capital stock of \$1,000,000 was issued; I only tell it in general because I only know about it in general.

Q. It was not issued for any money paid direct into the treasury? A. No, to the best of my knowledge and belief, not.

Q. The books will show? A. The books and records issued of that period are unsatisfactory in that regard; but that is the fact.

Q. Now, the patentees, did they then transfer portions of that stock to the promoters of the scheme here in Brooklyn? A. I presume they did; but I am not aware.

Q. That is, they shared with the promoters the first issue of capital stock? A. I know it was distributed, but not the terms and conditions.

Q. What was that? A. In this way: that the gentlemen who subscribed and paid in the money, who were chiefly gentlemen in Boston, desired, I being here in Brooklyn, that I serve them as I

might — desired that I be a director; I said I will do it with pleasure, and they put five shares of stock in my name; that was the way; from that time until 1885 I had no pecuniary interest in the road whatever; after that I had.

Q. At that time was the capital stock of the road first increased, if at all? A. I can not tell you the exact time when the capital stock was increased, but it was increased in conjunction with the contract for constructing the road.

Q. To what amount? A. It was increased by \$2,250,000, so that it became \$3,250,000.

Q. And that was in conjunction with letting the contract? A. It was in conjunction with the contract; yes, sir.

Q. Was it issued in connection with that contract? A. It was.

Q. What was the bonded indebtedness created at that time? A. The bonded indebtedness was also created under the contract, and consisted at that time of \$550,000 per mile, double track road, of first mortgage bonds.

Q. Five hundred and fifty thousand dollars a mile? A. Yes, sir.

Q. That contract was made with a construction company? A. That contract was made with Henry Bradley, of Boston.

Q. Was he one of the promoters of this road? A. He was to a degree.

Q. Was it virtually for the benefit of the stockholders that he took that contract? A. I suppose so; it was to get a contract to get the necessary guarantees.

Q. The idea was to build the road with the bonds and throw in the stock? A. There had been several contracts entered into prior to the contract under which the road was built, of which prior contracts I have only the most fragmentary knowledge; one came up in a lawsuit the other day, and I saw it there for the first time, in fact, having never seen it before.

Q. Was that acted upon? A. It was to a certain extent, and then it failed; parties could not carry it out; there was three or

four different contracts; there was finally a contract made just prior to the time my active connection with the company began.

Q. That was the contract under which the road was constructed?

A. Yes, sir.

Q. Providing for \$550,000 per mile of double-track road? A. Yes, sir; of first-mortgage bonds.

Q. How much stock per mile? A. It did not get divided in that way.

Q. How many miles of road did the contract provide for? A. The contract at that time provided, I think, for what was known as a 14-mile system.

Q. Do you mean by that, 14 miles of double-track road? A. Yes, sir; but that included several of the routes which the charter gave the company, of which the company was afterwards deprived, and you might say except the single line it afterwards built.

Q. How much did it build under that charter? A. The Fulton Street road, from the ferry to the then city limits, on Fulton street; I think it was about six and one-quarter or less miles of double trackage.

Q. And for the construction of that road and the equipment of it they gave the \$550,000 of bonds per mile? A. Yes, sir.

Q. And the stock of the company? A. And this increase of capital stock of \$2,500,000.

Q. The person who entered into that contract with the company as the contractor was one of the stockholders of the company at the time the contract was made, was he not? A. I am unable to say; if you will allow me to make a statement it may help you; I would simply say that after these various contracts which I have mentioned, prior to the one which was finally performed, had been worked under and had failed; the condition of the whole enterprise was such that it was absolutely impossible to get any contractor to take hold of the thing except under the most rigid guarantees, and it became necessary, therefore, that there should be a subscription of veritable money made for a large amount before any contract, even the contract which I mentioned, would be undertaken, and a million dollars of the first-mortgage bonds

was subscribed for and underwritten by a lot of gentlemen of whom I was one, and of whom the contractor was one, and others; I had at that time five shares of stock — was a stockholder, but hardly of much account.

Q. That was for the purpose of creating a fund with which the contractor could go to work? A. Creating a fund which would enable the contractor to satisfy the parties who were to furnish the actual construction, the Phoenix Bridge Company, of Phoenixville, Pennsylvania, and others; satisfy them.

Q. Certainly. A. So these millions of bonds were subscribed for as an unusual step.

Q. To inspire confidence in the bonds? A. It was simply to do the thing; there was no other way.

Q. Then the company entered into a contract with this party by which he was to have the \$2,250,000 of stock? A. Yes, sir.

Q. And \$550,000 of bonds per mile for the construction and equipment of this road? A. Yes, sir.

Q. And then they turned around immediately and subscribed for a certain amount of those bonds at a certain price, you, as an individual? A. Yes, sir.

Q. And others? A. The indorsor was with those connected with the road, and those not connected with the road, gentlemen who believed the project was a meritorious one to get from that the money to actually build the road.

Q. What were those bonds sold for? A. The first million of bonds were subscribed for at par, and the company received \$1,000,000 exactly.

Q. The company received that or the contractor? A. The company received that, and with that paid the contractor; the bonds were issued at that rate, and the contractor got his pay in money instead of bonds.

Q. Were any other bonds disposed of in the same way? A. Not exactly the same way, but the remainder of the bonds for the whole issue when the road was built amounted to \$3,377,000; the remainder of those bonds were disposed of through bankers and

through a banking syndicate that was subsequently formed to take them; they were all disposed of.

Q. By whom? A. By the company, acting through these various agencies.

Q. So that instead of turning the bonds over to the contractor the company actually sold them? A. I do not think the contract provided for bonds; the contract was probably for money, and the company was to issue the bonds.

Q. What did the company get for the second lot of bonds put out? A. Part of them were sold by Vermilyea & Co., at a commission of, I think, $1\frac{1}{2}$ per cent.

Q. At par? A. At par, less the commission; yes, sir; and finally the remainder taken up by a syndicate, and I think it cost the commission of somewhere between $2\frac{1}{2}$ and 5 per cent.

Q. They were sold at par, less the commission? A. Yes, sir.

Q. Is there a copy of the contract on file in the office of the company; the contract with the contractor? A. I think so; there may be; I will look it up, and if I can produce it I will do so with pleasure.

Q. What did you say the mileage was, 14 miles? A. No; I said the contract had reference to what was called a 14-mile system.

Q. I mean the amount actually constructed? A. The amount actually constructed was about $6\frac{1}{4}$ miles; before we had that line constructed the rest had been taken away from us and occupied by other corporations.

Q. And was that \$3,377,000 of bonds put out for the construction and equipment of the road? A. Yes; including, by construction, all incidental expenses.

Q. All that came under that contract, or was there something else? A. The other matters.

By Mr. Nixon:

Q. What were those incidental expenses? A. One item was money we had to pay for consents to private property owners, which was a sum running up at this time to three or four or five hundred thousand dollars, paid out in cash, to get the consents of

the individual property owners, which we have to solicit from door to door; there was a time we applied to the Supreme Court for the consent in lieu of the property owners, when we seemed to fail to connect; the court denied the consent and we had to take up the hat in hand again, and that involved an enormous expense; we finally succeeded after a prodigious effort and extraordinary expenditure of money; we finally got the consent of a majority of the property owners in time to save Fulton street; in the meantime everything else had been taken away from us.

Q. Who took it from you? A. The other company that was organized after ours had been organized, and deliberately had all the routes that had been given to us; they went to the court.

Q. They had better luck with the court than you had? A. It seems they did.

By Mr. Wade:

Q. Was there any money at any time paid into the treasury for the stock of the company? A. I am unable to say.

Q. The bonded indebtedness which you have given makes the road cost \$580,000 a mile? A. No; it amounts to just \$550,000 a mile; what mileage did you take?

Q. I took six and one-quarter mileage? A. Then it is less; at \$550,000 to the mile that makes \$3,377,000.

Q. It must be greater? A. No; I think not; perhaps the report will tell you; will you allow me to glance at it?

Q. I make it cost \$580,320 per mile? A. Let me look over your figures; try 614 and multiply.

Q. That will just about make it; now, how did the company raise the money with which to pay this incidental expense you have spoken of? A. When we embarked in this enterprise we did it on representations made to us by persons who had to do with the company a long time, and supposed to be familiar with its affairs, and their assurances were that the amount of money that was proposed would be altogether ample for paying all the expenditures of the company; desiring to get that syndicate organized, they made rose-colored representations; we found the expenses

increasing at every turn; so far from the franchise being perfect, it was a life and death struggle to save it; we had to go to the Court of Appeals and employed the most costly lawyers in the city of New York to defend our franchise; instead of getting the consents of the court, we had to get the consents of the property-owners by paying large sums; one amount was \$60,000 in cash; the man owned a large amount of property; it was necessary to get other money for that reason; the time came when it became necessary to make new provisions; that provision was made by a second mortgage, and there is a second mortgage on the road.

Q. How much? A. For the same amount as the first mortgage.

Q. What did those bonds net the company? A. Those bonds netted the company about 40.

Q. Forty cents on the dollar? A. Yes, sir.

Q. Running how long? A. From 30 to 40 years.

Q. At what rate of interest? A. Five per cent.

Q. Semi-annually? A. Yes, sir.

Q. Gold bonds? A. Yes, sir; never have got one dollar of interest from that day to this.

Q. Who took them? A. We took them; we first made loans on them, advanced money on them, believing that we would be able to sell them, but we were utterly unable to do so, and it was absolutely necessary that those who had advanced this money and held the first mortgage bonds of the uncompleted structure should themselves do what was necessary, and that is precisely what they did.

Q. Did they give each person interested in the road the right to take as much as he wanted? A. Every stockholder in the road had his privilege to take his pro rata of those bonds.

Q. Or sell the right to others? A. Yes, sir; it was not a right that was sold very much.

Q. I should judge it would have to have something tacked on to go with it? A. It did not.

Q. You took this method of operation to get your road finished and put it in operation? A. Yes, sir.

Q. Up to the present time I have not been able to discover

the payment of any money for the stock? A. And you will not be able to discover it, because the stock was issued to the contractor as a part of his compensation, and it was in the expectation of some value coming to that stock that there was any profit to any one connected with the enterprise.

Q. In other words, it was intended to construct this road with the proceeds of its bonds? A. There was nothing else to construct it with.

Q. There would have been if you had paid in over \$3,000,000 of the stock? A. At the time we took hold of the road the stock was outstanding.

Q. Excuse me; you put out \$2,350,000 of it in the contract to construct the road? A. Yes, sir.

Q. You had taken hold of it then? A. That was part of the compensation for building the road.

Q. Yes; I know it; behind it all is the fact that the stock is not intended to cost the stockholder much? A. Whatever the intention may have been, the fact remains.

Q. The contract remains? A. Yes, sir; the contract and experience remains.

Q. And it is my experience that makes me think it was not intended any one should pay anything for the stock? A. I have told you the facts in the case.

Q. I know that; sometimes parties take hold of a scheme of that character and it is problematical how it will come out, and considerable of a venture, and, through the medium of a contractor, the stocks take a circle and comes into their own hands without the payment of any money? A. There was no money put up, \$1,000,000 for the first mortgage bonds of the road, that did not have a mile of trackage, and after \$500,000 was expended and gone before we had the chance to lay a foundation in the streets of Brooklyn.

Q. I am not criticising at all, but I would really like to know just exactly what it was thought that the road would cost in cold dollars and cents, per mile? A. There was paid to the Phoenix Bridge Company, I fancy, the whole amount of the

bonds; I think the Phoenix Bridge Company got \$550,000 a mile for the road, in cash.

Q. Then you realize you have \$3,377,000 of second mortgage bonds? A. Yes, sir.

Q. For which the company realized \$1,350,000? A. What ever it was, at 40.

Q. And that, with the proceeds of the first bonds, was thought sufficient for the construction of the road, and acquiring the right? A. I think so; since that time other money has been put in by contribution from time to time to keep the thing alive and pay the interest on the first mortgage bonds; there was a considerable time that was not paid; after that came the Fulton road, but we have not come to that.

Q. You do not remember just how that contract for the construction of the road reads? A. I do not; it is a long time ago; I think I can get to you a copy of it, if you would like to see it; I have told you in general the substance of it.

Q. What is the capital stock of the road to-day? A. \$4,750,000.

Q. When was it increased to that amount? A. During the current year, I think; the action to increase to that amount was taken some time ago; it was finally consummated through the Railroad Commission during the past year.

Q. What was it for? A. For the purpose of obtaining the stock of the Fulton Company, and the stock was exchanged, share for share, and that is how the merger came about.

Q. Had the Fulton Company been earning more than this one? A. I will go back?

Q. Yes. A. The Kings County road ended in Fulton street, at the city line, which was a point nowhere in particular; it was necessary for good railroading the road should go to some definite terminus, and not far off was the town of New Lots; it was desirable to extend the road to that point; under the provisions of the Rapid Transit Company it was necessary to organize a new company to do that, and the Fulton Company was organized to do that by practically the same people.

Q. With a view of making it part of the Kings County road?

A. Yes, sir; with a view of leasing it; this recent merger is simply carrying out in a round about way which would have been better if the law would have permitted, the extending of the Kings County road; there never has been a time when you could find out what the Fulton road was doing.

Q. I did not know but it was another set of gentlemen operating the road. A. No; it was substantially the same; it was built under the Fulton charter which carried it to the new city line, and we built two or three miles of road right in the corn fields; we had to do it; the charter provided that it had to be built within a certain length of time; I do not know but you can find it in the corn fields now.

Q. What was the bonded indebtedness of that road? A. The bonded indebtedness of the Fulton road was made \$550,000 first mortgage bonds, and there were no second mortgage bonds.

Q. I suppose you found less difficulty in acquiring the right of way? A. Very much less.

Q. You used the equipment of the old company for the new? A. No; we did as far as necessary, and then added what was necessary.

Q. Did you do that by the new company? A. Yes, sir.

Q. And leased that with the road? A. Yes, sir.

Q. You think that was constructed for \$550,000 a mile? A. Yes, sir; its capital stock was \$300,000, and increased \$1,500,000 under the construction contract; that was perhaps a more difficult matter to handle than the other because the road was going right out into the corn fields.

Q. Does that contract provide for the construction of the road for \$550,000 per mile and the stock? A. Yes, sir.

Q. So that, as a matter of fact, no money was paid into the treasury for that stock? A. The \$300,000 of the capital stock was paid into the treasury in cash.

Q. That was the first issue? A. Yes, sir.

Q. But the balance —? A. The balance was issued in the way that I have said.

Q. That is \$1,500,000? A. One million five hundred thousand dollars and \$3,250,000 makes \$4,750,000, which is what I have stated.

Q. That is now the capital stock of the Kings County road? A. Yes, sir.

Q. And it is fourteen miles, did you say? A. No; it is about, I should say; about ten miles; ten odd miles of double trackage.

Q. There is \$4,750,000 of the stock? A. Yes, sir.

Q. There is \$3,377,000 Kings County first? A. Yes, sir.

Q. And the same amount of Kings County second? A. Yes, sir; and \$2,543,000 of Fulton first, and no second; now, there is other indebtedness.

Q. Give me that, please. A. There are three years' interest on the second mortgage bonds, never paid, but funded.

Q. Funded into what? A. Into a debenture; then there is another year's interest never paid, and being funded.

Q. What good does it do to fund it? A. That is a very reasonable question, but what could we do with it?

Q. You can't pay it? A. It is true; it never has been earned.

Q. All told, you have got about ten miles of road? A. All told; yes, sir.

Q. Now, adding the charges; you said that there were four years' interest unpaid. A. Yes, sir; as a matter of fact, I should state further, I should think.

Q. All right. A. It has become necessary, in order to save the property, to undertake financial readjustment which has been going on for the past year, which will result in converting every one of the second mortgage bonds into debentures, along with the four years' interest unpaid; it has resulted in a new issue of collateral trust securities of a million of dollars, of which \$600,000 have been sold and the money has gone in there.

Q. Now, adding your stock and your indebtedness together you have standing against this road, \$14,722,000? A. I should think it might be about that.

Q. That is over \$1,400,000 a mile? A. That represents all the cost of the road; all the cost of organization, for getting the

money and means, all the losses that have occurred during the operation of the road.

Q. There is not any way possible by which that road can take care of that? A. I do not know.

Q. That you can see? A. Yes; I hope so; the road disappointed us in its earning capacity in the beginning, very much indeed; it disappointed everyone, I think, who knew of such matters outside of ourselves, but with the construction of the road there was a rapid development in the population of the city, particularly in the outlying districts, so that the earnings of the road began to augment and in three years the net earnings of the road doubled, and before the trolley came in competition the road had earned all the interest upon its first mortgage bonds, and a considerable sum besides; there were indications, and we believed that it was only a question of time when the disasters of the past would be retrieved.

Q. About what are your gross earnings now? A. I can tell you exactly by referring to our own books.

Q. Very well.

(Witness refers to one of the company's books.)

A. What would you like?

Q. The gross earnings. A. The gross earnings for the first eleven months of the current year, of the road, which is all I can give you of the current year, \$742,230; the gross income, the expenses of operating and maintaining —

Q. Wait just a moment; give me that amount again. A. Seven hundred and forty-two thousand dollars, the gross receipts of the road.

Q. That is for eleven months? A. Yes, sir; wait a moment; I am wrong; I gave you June of a previous year; for the eleven months ending the 31st of May, 1895, the gross receipts were \$739,055.

Q. If I add one-eleventh to that would that be a fair estimate for the year? A. Yes; fair; I guess so; probably a little too much, for the month you add is the month of June, which is too much.

Q. Let's assume it. A. Assume it, then; very well; the operating expenses for that period for the eleven months, were \$507,517, which includes taxes not paid.

Q. Not paid? A. Not paid, but it includes them; they are to be paid.

Q. If I add one-eleventh to that will that be sufficient? A. That is near enough; of course, I can give you the previous years exact.

Q. That is all right; that would make your total operating expenses a year, about \$553,555? A. Whatever it is.

Q. Did you ever figure what it would require to pay the 6 per cent. interest on what appears to be invested in this road? A. I have figured a good deal on that subject.

Q. Your gross earnings are insufficient to pay it? A. The increase of business is not attended with the corresponding increase of expense.

Q. What I was getting at was this: If you take your capital stock and indebtedness and put it together and compute the interest on it for a year, it amounts to \$883,320? A. The interest is not 6 per cent. and we do not expect any 6 per cent., but you can make the figures.

Q. At 5 per cent. it would be one-sixth less? A. Yes, sir.

Q. So your gross earnings are practically insufficient to pay 5 per cent. upon what appears to be invested? A. The gross earnings at the present time, yes, sir.

Q. Do you see a prospect of an increase in the earning capacity of this road to warrant any such investment that you have actually made? A. To warrant such an investment?

Q. Yes, sir. A. The earning capacity of the road will increase, and increase rapidly, as the city grows and as prosperity prevails; let me tell you what the income two years ago was, for instance; in the year ending June, 1893, the net earnings are \$327,565.

Q. That included both the lease lines, as well? A. Yes, sir; in the year ending June, 1892, the earnings were \$281,184; in the year ending June, 1891, they were \$238,500; they kept increasing

at a very satisfactory rate, but at the end of the time I mentioned came the panic, the industrial disturbance, which of course diminished transportation very much, and then came the competition of the trolley, and brought the earnings down very largely, whilst the year before we had earned all the interest on the first mortgage bonds, and a very noticeable sum in addition; the last year we fell short between \$80,000 and \$90,000 of the interest on the first mortgage bonds; this year we have been doing better, particularly since the speed of the trolley has been kept somewhat within bounds and since there has been improvement in the general industrial conditions in the community; I do not need to say, I suppose, that the result has been a most calamitous disappointment to all who have had to do with the enterprise.

Q. What is the stock worth now? A. The stock is quoted at about eight; five to eight; I do not know whether there have been any sales or not; a year ago or a little more it was quoted at about 20.

Q. On what basis can anyone to-day figure the stock as worth anything? A. I do not know; you know the situation; it depends altogether upon the judgment of individuals.

Q. Yes, I know, but when you come to put nothing — put the tangible assets of the company behind it with the franchises and right of way? A. Yes, sir.

Q. And deduct its indebtedness? A. You evidently think that our property is not a very valuable property?

Q. Yes, that is about the conclusion I have reached. A. Well, we have had a surmise of that ourselves; when the stock is only quoted from five to eight the general value of the stock is thereby indicated.

Recess until Thursday, July 18, 1895, at 10 a. m.

James H. Frothingham, recalled, testified:

By Mr. Wade:

Q. Mr. Frothingham, you may make whatever correction you wish? A. Since I left the chair yesterday I have found a printed

copy of the contract which I thought would interest the committee; I should be very glad if the committee would not appropriate it, because, after the many litigations which we have been through in which the contract has been in evidence, this is the last printed copy we have.

Q. What contract is that? A. The contract under which the Kings County road was built.

Q. Constructed? A. Yes, sir; and by going over that contract I see the contract called for only \$500,000 a mile, instead of \$550,000, and that makes clear the representations that were made to us at the time we embarked in the enterprise, viz., that the proceeds of the \$50,000 a mile which would remain with the company would be ample, and more than ample, to pay for the original consents and such other charges; \$50,000, as a matter of fact, twenty times that in the aggregate, would not cover that; I mean to say the expenses we subsequently incurred in purchasing consents from property owners, paying lawyers, and expenses of referees, and so forth, in perfecting the franchise, absorbed hard into a million dollars; for instance, in the matter of proving our consents, I suppose we subpoenaed 1,500 property owners, and before the ex-Senator, Mr. Kernan, as referee; every consent we had was challenged, and we were put to the absolute proof.

Q. Including whom were the parties? A. They were the parties in charge of the rival road.

Q. You mean the Brooklyn road? A. Yes, sir; and they were trying to deprive us of Fulton street; for the more accurate information of the committee I have drawn off a memorandum of the bonded debt of the company as it was and as it is to do so the —

Q. As it is what? A. As it is to be; the necessities of the company during the last year and a half were so great that a financial readjustment of its affairs was necessary, and that readjustment would have to come about either by foreclosure or by voluntary action on the part of those holding the securities underlying the first underlying bonds; it was regarded almost a quixotic action to try to bring it about by voluntary action, but we proceeded on the line of voluntary action and we have succeeded on that line,

and of the \$3,377,000 second mortgage bonds, together with all the unpaid and accrued interest on that, amounting to four years, all that we have succeeded in converting into an income obligation to the company, which entails no fixed charge whatever; the result being that the company to-day has no fixed charge against it except the interest on the first mortgage bonds, and that interest they are very nearly earning at the present time; two years ago we more than earned it by perhaps \$50,000; they are now again operating up to the point where they will more than earn it; so much so that we feel that the property is in a position to-day where it can not be overthrown by legal proceedings; where it is safe; the lease is made, you will observe, to show that.

Q. The total indebtedness of your company, shown by this, you have issued \$10,518,747? A. Yes, sir.

Q. And whatever change you make, or contemplate making, will leave it at that amount? A. Yes, sir; the difference being instead of being indebtedness burdened with fixed charge, the major part of it is income indebtedness, which, if the interest is earned, will be paid, and not until it is earned.

Q. Your aggregate of the Kings County first mortgage bonds — A. Yes, sir.

Q. Three million three hundred and thirty-seven thousand dollars, that you propose to leave? A. We can not —

Q. First mortgage elevated Fulton bonds, \$2,543,000? A. Yes, sir.

Q. So, in any event, there will be a fixed charge of interest upon those two items? A. Yes, sir.

Q. And the other indebtedness you propose to convert into a non-accumulative income debentures? A. A small portion of it is accumulative.

Q. That creates a fixed charge? A. No; it is an income indebtedness all the same; if the income is never earned it will never be paid; of course, we regard that as a very great and important achievement, rather an unusual one, which puts the property in a perfectly safe condition, and gives the opportunity for time.

Q. You will leave that sheet here, will you? A. Certainly.
(Received in evidence and marked Exhibit 14.)

Q. Was there something more you wanted to say? A. Yes, sir; if you will allow me?

Q. Certainly. A. If I am not taking your time; the line of inquiry yesterday tended to develop rather the misfortunes of the company than any of its proper and legitimate hopes and expectations; it occurs to me that it did not bring out one or two facts which I would like to comment upon; in the first place, the fact that the cost of the road was very largely increased over and above the actual cost of making it by the tremendous competition that developed to acquire control of what would necessarily be the one trunk line of rapid transit in the city of Brooklyn; that was recognized by everybody; it still remains the fact that it is the one trunk line in the city of Brooklyn, upon the main artery of travel upon which the development of the city has taken place, and along which it will in the future continue to take place; then, again, the actual cost of the making of the road was very greatly enhanced by two conditions; first, that the rapid transit commissioners who laid down the whole form of the construction of the road, before the company was organized, and whose specifications were absolutely obligatory upon the company, so it could build that way and no other, projected a most expensive road, requiring that every one of the supports should be on the curb line, and that the tracks of the road should be in the middle of the thoroughfare; that is a most expensive form of construction; there could not be one more expensive; furthermore, if you will observe the curve of Fulton street; there is not a single street crossing it until you pass Flatbush avenue, but the various streets coming in at irregular intervals and irregular angles, so I think I am not varying much if I say there is not one-half a dozen like girders from the ferry to Flatbush avenue; every girder is different; they are crooked spans, entailing a very greatly increased cost; that is so obvious, if your attention is turned to it, you will observe it is so; if you observe other roads and certain portions of Fulton street, one span is just like

another, so the constructors have simply to duplicate them; those reasons lead to a very expensive structure on Fulton street; another circumstance is, that the structure is an exceedingly fine one from an engineering point of view; I believe I am correct in saying that it is the judgment of engineers in general that the elevated railroad structure of the Kings County Company is the best elevated railroad structure that was ever built, from an engineering point of view; a further circumstance is found in the fact that we have at all times maintained the property in the best possible shape above the road itself and its equipment, and whilst we might have, unwisely, to be sure, and still practically, economized in expenditure in allowing the property to go uncared for a little, we have under the most unfavorable circumstances of our affairs, always kept the property, both the road-bed itself and its equipment, in the best possible state of repair, and it will bear to-day the most critical examination that may be given it; now, as to the future of the company, I wish to add this, that, as a trunk line in the city of Brooklyn, the road naturally expects to receive connecting lines, and already the arrangements of our company made by the Brighton Beach road; the Brooklyn and Brighton Beach Railroad Company, to form a connection with the Kings County road at Franklin avenue; further, at another point on the road, the Brooklyn and Rockaway Beach road connects into the line, and in the course of time will be allied to it; further, at the end of the road are to or three organized and organizing lines, which are to make a close connection with this line in the future; I picked up a little map here which serves to illustrate what I mean; this shows the main line of the Kings County road; now, when those connections shall be made, there can be no question whatever that the traffic of the road will be very much increased, whilst its operating expenses will be only relatively increased, and as the city develops in population, particularly along the line of new construction, and these connecting roads, the Kings County road should look forward to a large acquisition of business, which will be profitable to it, and

which will give to its securities a value which at the present time they do not possess.

Q. We had, yesterday, the indebtedness of the company, with the capital stock added to it, \$14,722,000; the sheet which you gave me in here this morning of the company— A. Of the bonded debt.

Q. There is some other debt aside from that? A. Yes; but for which we have assets; it is a floating debt.

Q. The capital is what? A. Four million seven hundred and fifty thousand dollars.

Q. Four million seven hundred and fifty thousand dollars? A. Yes, sir.

Q. That would make it, then? A. The figures yesterday were approximated, you know, as you went along.

Q. Four million seven hundred and fifty thousand dollars? A. Yes, sir.

Q. And your bonded indebtedness and debentures of all sorts amount to \$10,518,747, a total of \$15,268,747? A. If that is it.

Q. Will the books of the company show the actual cost of construction, not to the company, but to the construction company? A. No, sir; they will show the actual cost of the construction to the company.

Q. In other words, will they show what is charged up to the construction account? A. Yes, sir; what was paid out by the company to the construction account.

By Mr. Nixon:

Q. Will they show the contract price? A. Yes, sir.

Q. But you do not think that the road cost a million dollars a mile; I mean actual cost? A. As a matter of fact, my recollection is that the Phoenix Bridge Company got \$500,000 cash a mile for their part of the work.

Q. What was their part? A. Building the road; making the iron part.

Q. Building the road outside of the equipment? A. Yes, sir.

By Mr. Wade:

Q. The equipment is a small part? A. I wish it were.

Q. How many cars have you? A. Will you allow me to refer to this printed matter?

Q. Certainly. A. I remember that the last locomotives that we last bought cost us \$6,000; we are operating to-day 44 locomotives, or when this book was prepared; I do not know whether it is changed or not; 44 locomotives, 145 passenger cars and eight ordinary cars.

Q. The locomotives, you say, \$6,000? A. I do not remember what the locomotives cost; I only remember here about within a year or two, locomotives that cost \$6,000.

Q. I suppose you buy those locomotives much less now than three or four years ago? A. I have no occasion to know; it may be so, or not; at the present time I think prices are advancing; I am not able to answer your question; the cars were all built by the Pullman Company, and were all of the very best possible.

Q. What did you pay for the cars? A. If you will allow me to ask our general manager; he may know?

Q. Yes. A. Mr. Gundy, do you know; \$3,500 were the last that were bought; I do not doubt but that cheaper cars could be bought; also, that they would be dear in the end.

Q. The ordinary cars? A. They are not of value sufficient to signify; what do they cost, Mr. Gundy, the ordinary cars? A. Five hundred dollars.

Q. What real estate has the company, if any, Mr. Frothingham? A. The company has some real estate on lower Fulton street acquired for the purpose of getting access for coaling purposes to the lands leased of the bridge; it thus controls certain properties which were necessary at the time for its connection with the bridge, which will presently be discontinued and superseded by the new connection.

Q. What is the first real estate you spoke of; what does it consist of? A. It consists of a single house and lot in lower Fulton street.

Q. What is it worth? A. I do not know what it is worth; the property of lower Fulton street has depreciated so greatly in late years with the development of traffic over the bridge and the diminution of the traffic over the ferry that I could not give you the value.

Q. The value of the other real estate? A. It then owns the real estate in the twenty-sixth ward, upon which its shops and yards stand, consisting of two entire blocks of property.

Q. Can you give the value of that property, approximately? A. Pardon me; may I ask Mr. Gundy?

Q. Yes, sir. A. Can you tell me, Mr. Gundy, how many lots there are?

Mr. Gundy.—There are two blocks, 200 by 400 each; 64 lots altogether.

A. Sixty-four lots; what sizes?

Mr. Gundy.—Twenty-five by 100.

A. Eight hundred dollars, the president says, would be, in his judgment, a fair price for those lots; it then owns 10 lots upon which a connection with the Rockaway Beach Railroad expects for the purpose of coaling purposes and for connections; I suppose those lots may be worth ten or twelve thousand dollars; 10 of them; on the incline; I should think so; I believe that is practically the real estate which is owned by the company.

Q. Mr. Gundy, are you giving the approximate value of that lot? A. That one lot?

Q. Yes. A. I should say it was worth about \$25,000.

Q. Have you now included all the property which the company owns? A. To the best of my knowledge and belief.

Q. And its probable value? A. I think so.

Q. As I have kept the figures here, that makes the equipment of the road and all its property outside of the road, \$861,700? A. I think so.

Q. The actual cost of the construction to the party who constructed it was \$500,000 a mile? A. I believe that was the actual cost for the construction, \$500,000 a mile.

Q. You said what, 10 miles? A. I said 10½ miles.

Q. And you think a million dollars was expended in obtaining the right to construct this road? A. I have not any doubt about it; and I know, as a matter of fact, that a good deal over half a million dollars was expended before we had a franchise secured at all, which, if the decision of the Court of Appeals had been adverse to us, would have been an absolute total loss; and as bearing upon the value obtained for those second-mortgage bonds of which we spoke about yesterday, up to within twenty-four hours of the time the decision was rendered by the Court of Appeals sustaining our franchise, the belief of those in the city of Brooklyn who claimed to understand this subject well, believed we should suffer an absolute defeat; and further, I would say that, after having been up to the Court of Appeals once, we were carried up there twice more; I think there are three decisions of the Court of Appeals on different points, the last one indicating a certain irritation on the part of the court that the subject should be brought so many times before the court; the last decision was a very conclusive one, and has settled a great many questions in regard to elevated railroad rights; I will say in regard to the value of the bonds, when the bonds were issued three coupons were cut off and given away and abandoned as not to be paid.

Q. They were destroyed? A. Destroyed; nothing was ever given for them; they were at that time destroyed; it was supposed by the time the next coupon came around the road would be earning enough money to pay the interest; as a matter of fact, when that time did draw near it was evident that nothing of that sort would occur, and six coupons more were cut off by voluntary action and funded, as you will observe in that list I have given you; as the basis of estimation at the time we were engaged in constructing the road, from fifty to sixty thousand passengers a day was believed to be a very fair estimate of the traffic the road would have when completed; as a matter of fact, it was about 30,000 a day; from that it went on growing until two years ago it reached 50,800 fares a day; then came the panic and the trolley competition, which reduced the traffic in the next year to 39,650 a day, and

since that time we have just closed the fiscal year on the 30th of June; the traffic for that year was 43,000 fares a day.

Q. Now, the first mortgage Kings County Elevated bonds were \$3,377,000? A. Yes, sir.

Q. The first mortgage Fulton, \$3,543,000? A. Yes, sir.

Q. Those were all supposed to bring to the company practically par, were they not? A. Pretty nearly; yes, sir; practically.

Q. Then the second mortgage Kings County bonds were \$3,377,000? A. Yes, sir.

Q. That brought 40 cents on the dollar? A. Yes, sir.

Q. One million five hundred and ten thousand dollars? A. Yes, sir.

Q. Now, as I have understood your testimony, and the figures which you give, you make the actual cost of the road, the construction of the road, \$5,125,000, or \$500,000 per mile? A. The actual cost of the road itself?

Q. Yes, sir. A. Yes, sir.

Q. That was what the parties got that actually put it up? A. I understand so.

Q. Then you have the real estate and equipment, at the figures you give, \$861,000, and I put in the incidentals that you spoke of \$1,000,000? A. Very well.

Q. Do you think that would cover it? A. I have only general impressions in regard to that.

Q. I do not understand you as giving that as definite information, but as your best judgment? A. In a general way that is my judgment; I am reciting here from memory entirely, and the books are entirely at your service, if you will come and look at them.

Q. That amounts to \$6,981,000? A. If that is it.

Q. Now, you recollected as having received substantially the next of the first mortgage bonds of the Kings County, \$3,377,000? A. Yes, sir.

Q. And of the first mortgage Fulton Elevated bonds, \$2,433,000? A. Cross-town.

Q. Forty per cent. of the second Kings County, \$1,510,800?
A. Yes, sir.

Q. Then the subscription to the second mortgage collateral trust income, \$368,750? A. Yes, sir.

Q. A total of \$7,799,550? A. If that is it.

Q. A little more than \$800,000 more than your figures show to have been paid out for any purpose, taking the cost, as you put it, as the amount paid out? A. I do not know what conclusion you bring out, but if you and I could sit down and go over the figures we could more accurately.

Q. I suppose that the amount is to be reduced from incidentals, that amount would of necessity be reduced by whatever percentage was paid on the bonds? A. Yes, sir.

Q. Whatever expense was incurred with regard to that? A. Yes, sir.

Q. By whatever the contractor made over and above the \$500,000 a mile of construction? A. Yes, sir; and there may be, and very likely are, a lot of expenditures that have occurred, losses in operation, etc., that ought to be made good; I can not carry the accounts for ten or fifteen years in my head?

Q. The point, it seems to me, is this, that the capital stock of the company has never, in fact, brought into the treasury of the company, any money? A. It might be so.

Q. When you figure to-day the cost of the road, as it stands upon your books, of course you must add the capital stock in?
A. Yes, sir.

Q. And it swells the cost of the road—? A. To a very large sum.

Q. To fifteen millions and upwards? A. Yes, sir.

Q. And that is \$15,268,000, a million and a half dollars per mile?
A. Very good; there is the fact; I do not make the slightest question of the accuracy of that general statement.

Q. I do not make the statement by way of criticism? A. I understand you are seeking to get at a fact?

Q. Yes, sir. A. It is the fact I wish you to have; there is the

amount of the existing obligations, and they represent, in a general sense, the cost of the road.

Q. And the earnings of the road, from the time it commenced its operations down to the present time, would not justify a conclusion that the naked franchise had much value, would it? A. Well, I should hardly concur in that view of the subject; perhaps I do not understand the significance.

Q. The right to construct a road, irrespective of the damages which you must pay upon either side, the privilege of constructing a road in the street there, your earnings would not show to be of much value? A. Admit that.

Q. That is a conclusion that you can not quite escape? A. No, but I do not think it is fair or right to regard any enterprise from the point of view of an initial province.

Q. Perhaps not? A. Now, the value of a franchise is contingent on developments which every man will speculate on in advance, according to his own way of thinking, and when it is a question of building a road here out into the cornfields—that is not a fair figure of speech—we took down old rail fences of farms which had been there since the days of the Revolution; we carried this iron structure through fields on which corn had been raised before, and for all I know has been raised since, out to the city line, where you looked out into an uninhabited territory; that was the obligation of the charter; we could not postpone doing it; it is a fact that the improvements do not anticipate the coming of the road but follow it, and if you should go now, to-day, and look over the ground where now is many houses, you would scarcely realize that when the road was put through, which brought those houses there, there was no houses there at all.

Q. So you anticipated increase of revenue from the building up of the country along the line? A. Yes, sir.

Q. What I want is this; probably you are as familiar with the affairs of this road, and with its history and know about as much about its future as any other person? A. That would be true as regards its affairs since I have had an active connection with it.

Q. Now, can you see the reasonable prospect, Mr. Frothingham,

of that road becoming worth, actually worth, \$15,000,000? A. Can I see a reasonable prospect?

Q. Let me put that different; can you see a reasonable prospect of that road paying 5 per cent. upon an investment of \$15,000,000?

A. When; how soon?

Q. I will give you all the— A. I will answer in a general way that no man is competent to estimate the development of a territory such as the undeveloped territory of Brooklyn at the present time; I know that if the territory which is tributary to this road at the present time, and which will become tributary to this road when the connections I have spoken of shall be made, when that territory comes to be occupied as territory throughout the city has been occupied in the past twenty years, there will be, I think, an income on that property such as you describe.

Q. At least, you have that ambition and hope for it? A. Yes, sir; and I think that one who is familiar with the growth of large cities, will be perhaps of the same opinion; there might be a difference as to how soon that would be realized, but the probability, I think, would be conceded that if the building of the territory increased in the next 15 or 20 years as in the past, it would be reached, and it may come sooner; if it does not come, it will be allowed that there would be very poor compensation for the risks and the responsibilities that the creators of this road have taken on their shoulders.

Q. Yes, sir; and there will be very poor income on the money actually invested to say nothing about the stock issued, without being invested. A. True.

Q. Excuse the term, but there seems to have been about \$4,450,000 of watered stock in it. A. I do not think it is right to call that watered stock.

Q. You do not think it should receive that term? A. No; I mean to say that the constructors of the road at that time, at the time the road was constructed, got, putting the value of the stock at any reasonable figure, you please, I do not think they got more than a fair compensation for obligations they entered into.

Q. What do you understand by the term "watered stock?"

A. I understand by that, stock that is issued without any consideration whatever; that it does not represent anything in particular at all; now, I mean to say that if the company gave \$500,000 for the building of the road, and it cost \$500,000 a mile to build that road, never mind whether it was a high price or not, if it was the only price at which the road could be built, and that was, I believe, to be the fact —

Q. But you say they did not get anything from the stock to meet that obligation? A. Nothing at all; what were they to have, to give them, in sort of compensation for the risk? They must have their money or stock, and if they were willing to take the stock as money, I say that stock was not watered stock, and it is not to be considered so at all.

Q. In other words — see if I understand you correctly — you believe that it was entirely legitimate for the people who would actually raise money sufficient to carry on this new enterprise, that the giving to them of the stock of the road would be no more than a reasonable compensation for the hazard that they assumed?

A. I do not think that the bonds that they got, and the stock they have got, would be regarded by any man who had any money to contribute to the enterprise whatever, as an unreasonable compensation for the enterprise undertaken and the risks run, and I think the circumstances connected with the development of the property showed conclusively that is so.

Q. If they had taken \$4,750,000 of the stock and paid par for it in cash, it would have rendered entirely unnecessary the \$3,377,000.

A. Yes, sir; entirely so; and there would not have been a human being in the city of Brooklyn that would have touched it; the road would not have been built.

Q. I suppose not; but the stock would have been worth as much as your bonds? A. If the stock had been issued for 100 cents in cash, I see that; but here was property that had not any value at all; understand, there was not a sign of road; it was all in the future that the franchise was contested, amounting in the minds of many to an absolute certainty that the franchise was not worth the snap of a finger; then what was the stock worth?

Q. It would have been worth just as much as the bonds, under those circumstances. A. Yes, sir; exactly, except there might be some possible value in a franchise in a charter in a legal position, even if it were contested, that would give the bonds some little value.

Q. I do not see why? A. People will give something to get rid of an antagonist, even if they do not think he has any particular rights.

Q. If the enterprise had proven successful up to the present time; or, in other words, if the income of the road had been sufficient to have paid the interest on the money invested in it, and a dividend on the stock, of course the stock would have been worth par, or above that? A. That may be so, but there never was such expectation.

Q. If it had been so, then your stockholders would have received a valuable bond for all the money they invested? A. Yes, sir.

Q. And a valuable stock in addition thereto? A. That is true.

Q. That is what I call watered stock. A. You may call it watered stock or not, but I think your definition is not a correct one.

Q. All right; then I withdraw it; I was thinking a fellow ought to have something like a file preserver that went into that. A. That may be the case, and we are thankful our lives have been preserved up to this time.

Q. As I understand you, at any time, if the committee desire to have its accountant, your books you will place at his service? A. Most assuredly; in that connection I will say that we have ourselves, from time to time, had expert accountants to examine our books, in order to perfectly satisfy, in our own minds, that everything was as it should be; within the past three months we have employed an expert accountant in New York, of almost national reputation, Mr. Steven Sittler, who must be known to all who know anything of that subject; he says, in substance, it has rarely been his privilege to find so clean a set of books as your accounts present; we should be only too happy to have your expert come and see them, if you think it wise.

Q. Have you a copy of this report? A. I have no copy, but I think it could be easily obtained, if you would like to have one.

Q. I think, perhaps, it might save the necessity of examining.
A. If I can, I will have one preserved for you.

By Mr. Nixon:

Q. What is your road assessed at per mile? A. The road has been assessed — in the matter of taxes I will answer a little in extenso; the road has been assessed, as I understand, under the decision of the Court of Appeals, as real estate; in the beginning the assessment was levied in the most relentless way, and for a considerable time we did nothing but submit a certiorari and an adjudication was had in which the company paid \$130,000 for the settlement of taxes up to that time, and the rate was finally agreed upon at \$170,000 a mile, having, I fancy, some reference to its then earning capacity; subsequent to that the city council granted to the trolley roads, most extraordinary privileges for the use of the streets as rapid transit, and since that time the streets have been used until very recently as rapid transit roads to the extinction of the road for other purposes and the great detriment of our property; we are now endeavoring to have our rate of taxation reduced to correspond with the earning capacity of the road.

Q. How long ago was it since the roads commenced to be used for rapid transit? A. The competition against us right on the line of Fulton street began about June, 1893.

Q. Eighteen hundred and ninety-three? A. Eighteen hundred and ninety-three; yes, sir; and by the month of August, 1893, it was in full blast; we have always regarded that as an infringement of our franchise rights.

Q. Are you sufficiently familiar with the cost of your road to know what would be the probable cost at the present time, per mile? A. I am not; I should judge much less than formerly.

Q. What, in your judgment? A. I would not express an opinion; it would be worthless if I should give it.

Q. I understood you you expended about \$1,000,000 in obtaining consents and expense of attorneys? A. Yes, sir.

Q. Which was an unnecessary expenditure, providing your common council had been willing to concede certain rights to which you thought you were entitled? A. No; you misunderstood me.

Q. I understood you to say the franchise was granted you in the first place? A. Yes, sir.

Q. And on account of the hostility of the common council that you were compelled to get these individual consents, whereas another railroad was allowed to go on? A. No; let me make that clear to your mind; under the act of 1875 the commissioners having established the principles of the charter and laid down what it should be, and the subscription having been made to the capital stock of the company, as provided by the commissioners, then, before the franchise is perfect, two consents are necessary; one of the common council, the other the consent of the majority along the line; in lieu of the consents of property owners, the Supreme Court has power to appoint a commission, which, on examination, may agree that the consent may be given by the court in lieu of the property owners; the Kings County road secured the consent of the common council and that was fixed and irrevocable; nevertheless, at a subsequent proceeding, the effort seemed likely to oust the Kings County from all its rights; the common council revoked the consent which they had given; the Court of Appeals held that the revocation was absolutely worthless, so it did not amount to anything; but it showed the temper; in the meantime we went out seeking to get consents; this was before my day; people were appointed to get the various consents; they got consents on Fulton street and Myrtle avenue, and on some other streets, but the principal route was always recognized to be Fulton street, and upon that the effort was most strenuously made; they found opposition; property owners were willing to give consent if a very large sum of money was paid to them, and not otherwise; and, finding their way blocked by the property owners, they went to the Supreme Court and asked that court to appoint a commission; the commission was appointed; their report was not concurred in by the court; the Supreme Court declined to approve the report, and subsequently the consents of property owners; in the

meantime a new commission had been appointed by rivals, which laid out routes on all the routes given to the Kings County; they went to work along the same line of procedure, obtained the consent of the common council, sought consents of property owners, and failed to get them; went to the court and got a commission, and an approval of the commission, and the court confirmed in their case the finding of the commission; they were free to build, and did build; in the meantime we had managed to get a column in here and there on Fulton street and a little possession, and we fought as best we could, and in the end saved Fulton street, and that is all we did save; now, the expenditure made necessary by the action of the court, which I do not criticise, between the action in our case and the action in the other case, as the court might have been aware of a change in public sentiment; between the getting of property owners by actual purchases for money and fighting our way up to the Court of Appeals, so much time was consumed and so much money was consumed that the expenditure I have named was incurred; in the end we prevailed, but I can not think of an element of delay or obstruction that it was possible for anybody to put in our way that was not availed of; have I made the matter clear?

Q. Yes, sir.

By Mr. Wade:

Q. Is there anybody in your company who would be able to give a fair estimate of what your road would cost at the present time; a reconstruction — that is, if the road was to be reconstructed new now? A. I do not think of anybody that would be able to do so; we are not men familiar with those things; we have our own experience and knew something about that; the president of the road, Mr. Jordan, is here; I would ask him; if he could not, I do not think any one connected with us could.

Q. Do you think, on consultation, you could give the committee a fairly close estimate of what the road would cost if you were to go on to-day and construct it; I do not mean to include in that the

matter of commissions or nuisances or expenses of that kind? A. I do not know whether we could or not.

Q. Will you try it? A. Yes, sir; certainly; we see in the papers and hear individuals say very glibly what it would cost to build the road; that is part of the tactics of our opponents to minimize the value of our property; the circumstances I explained this morning effected by the character of Fulton street and the application of the structure there; I think the Phoenix people would be the only people who could make the computation, as they are the only ones familiar with the complexity of the structure itself.

By Mr. Nixon:

Q. Will you look it up and make a report? A. With pleasure.

Q. Approximately? A. Certainly; you know there have been a great many changes continually made; to do it over again would not cost anything like what it was in the beginning; but the necessity of making changes, as at the bridge, for instance, we are now engaged in putting up a new structure at the bridge that seems a great hardship; I suppose that will cost from eighty to ninety thousand dollars, in making a new connection with the bridge; I do not know whether the bridge terminus will be changed again in a few years, so we may have the opportunity of making another expenditure of some sort; we are simply passengers.

Q. Do you receive anything from the trolley system for the attachment of their wires to the structure? A. We do; when the question of the trolley coming under us came up it was under advisement as to what was the better course for us to pursue, and considering that it would be better for us to have those dangerous wires under our structure and in close proximity to the same under our control rather than absolutely beyond our control, we made an arrangement with them by which we receive a small compensation; it is not very large, but I can tell you just what it is; Mr. Loder, have you the book? It is so much per mile a year; we can control it a little, so that our people in maintaining necessary repairs need not be regularly killed off; the electric wire privileges, so called, of all kinds, brought us in about \$11,000.

Q. Per annum? A. Per annum.

Q. I would like to have the stenographer take into his minutes a copy of this agreement, if you can wait a few minutes? A. I will leave it with you.

Q. I thought you wanted to take it back? A. I only did not want it permanently away from me.

(Copy of agreement made December 2, 1895, between the Kings County Elevated Railway Company, of the first part, and Henry Bradley et al., of the second part, received in evidence and marked Exhibit 15.)

Q. Who was Henry Bradley? A. He was a gentleman from Boston, connected with people who, at a former time, had endeavored to make the road go; he was selected by them to be the contractor in this case.

Q. Was he, in fact, engaged in the business of constructing railroads? A. No; but I think he was in the business of railroad supplies.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

Frederick Uhlman, called and sworn, testified:

By Mr. Wade:

Q. You reside in Brooklyn? A. No, sir; New York.

Q. Are you engaged in business in Brooklyn? A. The Elevated Railroad.

Q. What railroad are you connected with? A. The Brooklyn Elevated Railroad.

Q. In what capacity? A. President.

Q. And how long have you occupied that position? A. Since the first Wednesday in January, 1895.

Q. Prior to January, 1895, were you connected with the road? A. Yes, sir.

Q. In what capacity? A. As a director.

Q. For how long? A. Since its organization in 1884.

Q. When was the company incorporated? A. In 1874; I have the charter here, which will give the exact date.

Q. That is near enough; and when did it first commence the construction of a road? A. Up to 1884, I can only state by my best recollection; I think they first commenced, the old company that was chartered in 1874, commenced construction in 1876, and continued construction until 1879, when there was a cessation; but very little was constructed during that period; construction again begun after a reorganization about July, 1884, and the road was completed in July or August, 1885.

Q. Were you connected with the new organization of the company? A. Yes, sir.

Q. And in that way did you become familiar with its affairs up to the time reorganization was commenced? A. Yes, sir.

Q. And since that time you have had to do with it? A. Yes, sir; constantly; continually.

Q. Its line of road extends from what place or places to what place or places? A. Beginning at the intersection of York and Hudson streets, along York street to Hudson avenue, along Hudson avenue to Park avenue, along Park avenue to Grand, along Grand to Lexington, along Lexington to Broadway, along Broadway to Fulton, along Fulton to Van Sicklen avenue, in the twenty-sixth ward, with a branch from the intersection of York and Washington streets along York street, across private property and property belonging to the New York and Brooklyn bridge, to Fulton ferry.

Q. What is the amount? A. The entire distance, as originally constructed, along the routes named, was six and three-quarters miles; in 1891, pursuant to an act of the Legislature, the Park avenue division, and so much of the Grand avenue division as extends from Park avenue to Myrtle avenue, was abandoned; distance, about one mile.

Q. So that the entire route is about what? A. About five and three-quarters miles.

Q. Does it follow Fulton street, or merely cross it? A. It follows Fulton street in the twenty-fifth ward; that must not be

confounded with Fulton street that Kings County operates on here; Fulton street in the twenty-sixth ward is practically a continuation of Broadway.

Q. It does not use any of the tracks of the Kings County? A. None in common.

Q. How much of this road was constructed at the time of reorganization? A. The foundations were in place about two-thirds of the entire distance; there was about, in all, one mile of iron erected, but none continuously; it was in broken fragments, so to speak.

Q. So that no part of it was in operation? A. None until May 15, 1885; until after the reorganization trustees had completed.

Q. What was the capital stock of the company as originally incorporated? A. Five million dollars, being 50,000 shares at \$100 each.

Q. And on reorganization was it increased or diminished? A. It remained as it was.

Q. Remained the same; does it remain there yet? A. No, sir.

Q. What is its capital stock at the present time? A. Thirteen million two hundred and sixty thousand dollars; \$100,000, more or less.

Q. When was that increased from \$5,000,000 to \$13,260,000? A. In 1889.

Q. At the time of its reconstruction had it any bonded indebtedness? A. Yes, sir.

Q. What amount? A. One million two hundred and fifty thousand dollars first mortgage 6 per cent. bonds, and about \$460,000 receivers' certificates, issued pursuant to the order of the court, while the road was in the hands of receivers.

Q. So its total indebtedness at that time was \$1,710,000? A. Besides the entire issue of \$5,000,000 of stock?

Q. Yes; that was done with this indebtedness at the time of reorganization? A. All of the first mortgage bonds, receivers' certificates and capital stock was deposited with the Central Trust Company of New York under an agreement between the owners of said securities and the reorganization committee, under sub-

stantially the following terms: That the reorganization committee would undertake to raise an initial capital of about \$500,000 in cash; would fund the then existing first mortgage bonds, and upon acquiring the property under foreclosure, which was authorized, would issue a second mortgage bond in lieu thereof, bearing 3 per cent. interest for three years, and 5 per cent. thereafter; that they would issue out of a new first mortgage bond for the par value of receiver's certificates, which had been issued in exchange for a cash assessment that had been levied on the stock while the road was in the hands of a receiver, and likewise levied on the bonds to the amount of 20 per cent. in the par value thereof, they would issue to the owners of stock 15 per cent. in the new capital stock of the company, to those stockholders who had not paid the assessment of 20 per cent.; and we issued 50 per cent. in new stock, in stock of the new company, to those stockholders who had paid the assessment of 20 per cent.; the remainder of the first mortgage bonds and stock was to remain with the construction trustees, to be disposed of at the best obtainable price, for the purpose of constructing the road, and whatever remained, if anything, was to become the property of the parties furnishing the initial capital of about \$500,000; that agreement was carried out, the road was completed, the old securities received, the new securities just enumerated; the bonds and stocks marketed from time to time, as money was required, and the trustees divided among their cestui que trusts.

Q. Do you know what price the bonds and stocks left in the hands of the reorganization committee were sold at? A. I can tell approximately, yes sir; the first sale of \$1,200,000 of the first mortgage bonds of the reorganization company was sold at 60 cents on the dollar, and the purchaser of each \$1,000 bond or multiple thereof, received an equal amount of stock at par value; the next sale of \$400,000 was at 75 cents on the dollar, the same terms as before the next sale of \$400,000 was at par; same terms as to bonus in stock; and the remainder of the bonds were sold at from par to 110, as then the road was nearly completed and the investing public had more confidence in the purchase thereof.

Q. What is the bonded indebtedness of the railroad now? A. The Brooklyn the same; \$3,500,000 first mortgage 6 per cent. bonds; \$1,250,000 second mortgage 5 per cent. bonds.

Q. The first mortgage was what? A. Six per cent.; the latter being the bonds exchanged for the old Brooklyn Elevated Railway bonds referred to.

Q. So its total bonded indebtedness is \$4,750,000? A. No.

Q. You gave the first mortgage bonds \$3,500,000, and the second \$1,250,000? A. Yes.

Q. That makes \$4,750,000? A. Yes, that is correct.

Q. At any time, Mr. Uhlman, was there a payment into the treasury of this company for the issuing of this stock for the stock itself? A. That I can not say, because when the stock was originally issued I had nothing to do with the company, and I knew no more of it than if I had not existed; what they did I can give no information of whatever.

Q. Your report made to the railroad commissioners states the fact that the stock was all issued on account of construction? A. That is true as to the stock of the reorganization company.

Q. Then the \$13,265,000 issue of the stock brought no actual cash into the treasury of the company? A. It did.

Q. How? A. You will observe —

Q. In and of itself, I mean; I do not mean in connection with the transfer of the sale of the bonds? A. Yes; there was cash paid into the treasury when the increased stock was issued in 1889.

Q. How much was it increased at that time? A. Eight million two hundred and some thousand dollars.

Q. That was after the completion of the road? A. That was after the completion of the Brooklyn.

Q. While it was in operation? A. Yes.

Q. Did the road at that time acquire some additional road? A. Yes, sir.

Q. What? A. All the road of the Union Elevated Railroad of Brooklyn.

Q. How extensive is that? A. A little over 11 miles of elevated railroad.

Q. Were you familiar with the terms of the purchase? A. Yes, sir.

Q. Now, you say the stock was increased from \$5,000,000 in 1889, to \$13,260,000? A. About that; I am not accurate as to the amount.

Q. Your report says \$13,283,600? A. Yes, sir.

Q. How was that increase paid for? A. By the regular proceedings of applying to the railroad commissioners of the State of New York for permission to issue the stock of the Brooklyn Elevated Railroad at par for the stock of the Union Elevated Railroad then extant for the full amount.

Q. What was the amount of the stock of the Union? A. Eight million dollars.

Q. Just the amount of this increase? A. Yes, sir.

Q. You took that road and that company went out of existence? A. Merged into the Brooklyn.

Q. And issued your stock for that stock? A. Yes, sir, dollar for dollar.

Q. And assumed whatever debts it had? A. All its liabilities.

Q. First mortgage, \$3,500,000, second, \$1,250,000? A. Yes, sir, on the Brooklyn.

Q. What about the indebtedness of the Union? A. First mortgage, \$6,150,000 6 per cent. bonds.

Q. Nothing beyond that? A. It has no coupon bond beyond; there was an income bond intermediate between the stock and first mortgage bonds of \$2,060,000.

Q. What is that? A. An income bond; a bond that has not paid interest up to this time; which has not paid interest, and simply in the character of stock.

Q. Is it accumulative? A. No, sir, non-accumulative.

Q. Is there any other indebtedness upon the Union Road? A. No, sir.

Q. So the total indebtedness is \$8,210,000 on the Union? A. On the stock.

Q. Yes; you have \$12,960,000 of — A. Of the bonds.

Q. First and second mortgage bonds and income bonds? A. About that.

Q. At the time you took the 11 miles of road of the Union, this indebtedness was in existence, \$8,210,000? A. Yes, sir.

Q. That was when? A. Eighteen hundred and eighty-nine.

Q. Have you paid the interest on the first mortgage bonds of the Union line? A. Yes, sir, every May and November; twice per annum.

Q. Now, to go back; do you know what the Union lines actually cost? A. No, sir.

Q. That 11 miles of road? A. I do not.

Q. You say there is a bonded indebtedness against it of between six and seven hundred thousand dollars a mile? A. That is coupling the income bonds with the first?

Q. Yes, sir? A. Yes, sir, about that.

Q. Were those income bonds created to aid the construction? A. Yes, sir.

Q. So that there stands an indebtedness by the way of bonds, of \$8,210,000? A. Yes, sir.

Q. Was not that enough to construct the first 11 miles of road it owned? A. Apparently not.

Q. Do you know what was paid into the Union Railroad Company upon its capital stock, if anything? A. I know that under the rapid transit act on organization, 5 per cent. must have been paid in in cash; the law requires that, the commissioners —

Q. Was there anything more than that paid in? A. Into the treasury of the Union?

Q. Yes, sir. A. Not that I know of.

Q. Is your road five and three-quarters? A. Originally six and three-quarters, at first; now five and three-quarters.

Q. Total mileage? A. About 17 miles for the two; that is, the Brooklyn Union as merged.

Q. You have been familiar with the construction of these roads; you are familiar with the contract for the construction of the Brooklyn Elevated Railroad? A. Yes, sir; I entered into most every one of those contracts myself.

Q. Was that let to a contractor to construct? A. No, sir; constructed by the company by means of sub-contracts with various iron men and stone men.

Q. Then your books ought to show just what that road actually cost? A. Yes, sir.

Q. You paid for it in cash, not in bonds and stock? A. We paid for it in cash derived out of the proceeds of the sales of the bonds and stock.

Q. You did not make the contract for the bonds and stock? A. No, sir.

Q. Can you tell me what the books show to be the cost of the construction of the six and three-quarters miles of Brooklyn Elevated Railroad? A. Approximately, I can.

Q. If you will; I mean the cash payments? A. Exactly; for structure, including foundation, superstructure, about \$240,000 a mile.

Q. That is including foundation? A. Structure and superstructure; equipment, necessary real estate and motive power, about as much more — perhaps \$300,000 a mile; property damage and legal expenses, indefinite.

Q. Legal or illegal expenses? A. I considered them illegal, but we called them legal.

Q. Do you mean you can not give the amount of that? A. No, sir; they were changing all the time, as the courts varied their decisions; you are familiar with the constant property suits brought against the company; the State gives a franchise, and the courts call us trespassers.

Q. You say the equipment, motive power and real estate? A. And legal expenses.

Q. No; you gave me the equipment and real estate and motive power as \$300,000 a mile? A. It will approximate that.

Q. What equipment did you have for the six and three-quarters miles? A. We had 30 locomotives, 90 cars, several supply cars.

Q. Your locomotives cost you what? A. About \$5,500 each.

Q. And your cars? A. About from \$3,000 to \$3,500 each.

Q. What is your real estate? A. I suppose the company owns

somewhere in the neighborhood of \$500,000 worth of real estate in the city of Brooklyn; between \$400,000 and \$500,000 worth.

Q. Will \$450,000 cover it? A. I think so.

Q. Of what does that consist? A. Wherever a corner must be turned the property must be bought; I assume it will require no extensive remarks to convince you that corporations usually pay higher prices than real values.

Q. I know that is a very valuable corner whenever you strike it? A. Every time; the yard room for cars and machine shops of the railway; chiefly that; I do not count as property amounts paid to abutting owners for damages.

Q. Now, in your report last year to the Railroad Commissioners, you stated the land damages at \$267,094.49; that includes the damages which you have paid for passing in front of these properties? A. Unquestionably.

Q. And is that the total amount? A. So far as I know.

Q. At that time? A. I do not know anything to the contrary.

Q. Passenger stations, \$30,000; engine and car house, \$10,000; I am not giving the odd figures? A. No, sir.

Q. Shops, machinery and tools, \$32,000; engineering expenses, \$13,000; road built by contract \$25,765,670.98? A. That is the Brooklyn.

Q. This is the Brooklyn Elevated? A. The Brooklyn Elevated has not built any \$26,000,000 worth of road in no way, shape nor manner; it has not got anything like that amount of securities extant, and it must be connected with the Union.

(Book shown witness.)

Q. Look right here; I suppose very likely it is intended, because it is made since the acquirement of the Union? A. What is it you wish to ask me in connection with that?

Q. I can not quite make your figures meet the report; in the first place, you give me the cost of the equipment, real estate and motive power at \$300,000 per mile, approximately? A. Yes sir; including legal expenses, as a matter of course.

Q. No; that is put below; then you said property damages and legal expenses, indefinite? A. I meant the legal expenses inci-

dent to property damages, but not legal expenses incident to the construction of the Brooklyn Railroad, as acquired from reorganization.

Q. Then I take the property, 30 locomotives, \$5,500 each?

A. Yes, sir.

Q. Ninety cars, at \$3,500 each, and then the real estate at the price you gave, \$450,000? A. Yes, sir.

Q. Your report don't show that much, and that makes your cost less than \$150,000 per mile? A. Yes, sir.

Q. Now, your legal services connected with that do not amount to \$150,000 a mile, do they? A. No sir; they do not; but I wish to say in connection with the legal services this; when the trustees took the roads from the receivers, and the old reorganization committee had been appointed under the receivers, one of the first payments to be made was to liquidate all of the indebtedness of the old reorganization, and to pay the lawyers' fees; there were at least four large legal firms obtained legal compensation for the receivers and old reorganization committee, and that was embodied in the legal fees I referred to, that was necessary to construct the old Brooklyn Elevated Railroad; there were debts to be settled which were liens on the road; then, again, I wish you to bear in mind that the sale of the bonds at the discount I mentioned at the outset of this examination will also fill a large gap; and the item occurs of each and every appurtenance to the railroad in addition to the superstructure.

Q. Of course it will; but when you are getting to the actual cost of the road in cash? A. Yes, sir.

Q. The fact that you sold bonds for sixty and sixty-five should not be taken into consideration; supposing, on the other hand, you had paid into the treasury \$13,260,000 in cash for the stock that was issued; it would have constructed your road, wouldn't it? A. You are now speaking of the Brooklyn line?

Q. No; of both lines? A. Of the Brooklyn and Union?

Q. Yes, sir. A. If we had paid it in in cash?

Q. Yes, sir. A. Yes, sir.

Q. And had a nice surplus left after completing it? A. Yes, sir.

Q. Have you ever figured out what stands against this road at the present time, per mile? A. Yes, sir.

Q. What is it? A. It is about \$13,000,000 of bonds and \$13,000,000 of stock, is \$26,000,000 for about 17 miles of road.

Q. That is over \$1,500,000 per mile? A. Approximately.

Q. And your gross earnings, as shown by this report? A. Is that the 1894 report, Mr. Wade?

Q. Yes; I think so; I will get the date of it in a minute; yes, this is the 1894 report; \$1,755,262.55; do you see any way for this road to pay even the interest on this total investment here? A. On the bonds?

Q. On the bonds, stocks and so forth? A. It always paid on the bonds; the chance of earning anything on the stock is very, very remote; that is the reason why so many securities must be issued in order to complete a road of this character; the investors take long chances in buying the bonds, and the stock is usually added where construction is had by means of a construction company, the stock is usually sold with the bonds, and both go together with the foreknowledge that income from the latter is remote.

Q. So that the promoter of an enterprise of this character goes into it with everything to gain and nothing to lose? A. Pardon me; in the case of the Brooklyn and Union Elevated construction, the promoters have been losers up to date; their hope lies in the future.

Q. They did not lose anything but their time, did they? A. Yes, sir.

Q. Wherein? A. This way; taking the construction of the Union Elevated Railroad, none of the bonds of that road were sold by the construction trustees to any investors, to any stockholder of the Brooklyn, or anybody else, for less than par; an equal amount of stock was given with the bonds; at the end of five years, on January 1, 1895, the first mortgage bonds of the Union were worth 80 cents on the dollar in the market; the stock

of the Brooklyn, which had been exchanged for the stock of the Union, was worth 10 cents on the dollar in the market, and the promoter who could have got 80 cents on the dollar back —

Q. Did the promoter take the bonds? A. Yes, sir; every dollar of it.

Q. Is that usual? A. It was here.

Q. You are speaking of the custom of these cases in constructing a similar road? A. I will amend by saying the custom with respect to this company; I do not care to testify about other companies; that would be hearsay.

Q. Is it, or is it not, a fact, that it was the intention in the construction of this road, that its bonds should build it? A. It was the expectation; yes, sir.

Q. So that the stock would go into the hands of the purchasers of the bonds who were the promoters of the scheme? A. Yes, sir.

Q. And if it became worth anything, by reason of the operation of the road, that promoter would make that stock? A. That is about the scheme.

Q. Don't you think it would be a good business policy for these stockholders to get together now and pay into the treasury dollar for dollar on the stock they hold, and wipe out every debt and make their stock worth something? A. I think it would be lovely.

Q. It might stagger this community? A. It would be something unheard of; about six months ago it looked as though it would be necessary that we levy an assessment of 10 per cent. on our stockholders; they said, "Don't do it; you ought to loan your company money; your directors ought to do it;" and we did.

Q. You had a nice surplus then; why didn't you use that? A. Where is it?

Q. It is on paper? A. We had a deficit for the fiscal year ending June 30, 1894, of \$126,000.

Q. I see that; and in the same report you give the total surplus June 30th, \$109,727.87? A. Yes.

Q. So this surplus was only reduced by that \$137,000 defi-

ciency that year? A. Yes; that was followed by another six months, ending December 31, 1894, a further loss of \$98,000, that is not embraced in any report yet, because that was not got up until within a week or so, to the commissioners; and bear in mind that this surplus was not stated to be in cash, but was the accumulative profits of 10 years of operation of the Brooklyn Elevated — of the seven or eight years of the Brooklyn Elevated with the Union Elevated merged into it, and was, perhaps, in the shape of coal, material, waste and little incidental amounts due the company, and a surplus stated of \$100,000 by a railroad company is so insignificant that it can hardly be weighed in a deliberative body.

Q. Did not you have any system of charging off anything against that work? A. No; we did not charge it up; coal and waste and so forth.

Q. Why not? A. We charged it.

Q. It is equivalent to cash? A. Yes; but it is not the kind a man pays coupons with when due.

Q. Have you got your report out for this year? A. Not yet.

Q. Do I understand that surplus of \$109,000 as completely fancy? A. No; it is not; the company has been quite prosperous since January, 1894.

Q. In oil, waste or cash? A. I will explain, and not keep fencing.

Q. Go on. A. About the middle of January, much of this last \$126,000 was lost in traffic by reason of the trolley starting in Brooklyn, changing from horses to trolley; in January, in this fiscal year, a strike took place in the city of Brooklyn, which gave the elevated quite a large addition to its business, so that, for the succeeding six months, which will complete the fiscal year of 1895, our surplus was more than quite sufficient to compensate for losses for the first half of the fiscal year, so the balance shown of surplus of June 30, 1894, will probably stand, with a difference of not more than \$3,000 or \$4,000; now we are in a new fiscal year.

Q. The strike was beneficial to your road? A. Indeed it was;

not so much the strike itself as the results of it; we have continued to hold about as much as we lost by the trolley when it began to operate in 1893.

Q. When you took the Union Company in 1889, how much of its road was constructed at that time? A. All of it.

Q. So you have had no new construction on that line? A. Except betterments and repairs.

Q. No new extensions? A. No, sir.

Q. Have you the books of that company in your possession, the books that were in this company prior to the time it was merged into your company? A. I think so; at the office.

Q. Were you connected with the Union Elevated prior to the merger? A. Yes, sir.

Q. And familiar with its transactions? A. Yes.

Q. As you were with the other? A. Yes.

Q. A stockholder in each? A. Yes, sir.

Q. An officer? A. Not officer; no; the directors were.

Q. So that the same people were interested in the management and operation of both roads? A. Yes.

Q. And finally merged their interests? A. That was the intention on the organization.

Q. Are you willing to place the books of the two companies at the disposal of the committee for their accountant to inspect? A. For themselves; I suppose; they are not to be publicly displayed except for the use of the committee; perfectly willing to do so, or of its counsel.

Q. I should be more bewildered when I got among the books than I am now; we have a fellow who thinks he knows about the books. A. No objection to any expert.

Q. I do not want any misunderstanding about the publishing of it; at some time the evidence taken before this committee will go on file, and to a certain extent it will become public property, and the report of this expert will form a part of it, undoubtedly; now we are put to the alternative of subpoenaing your officers with your books here, or, what is more convenient for both, to send

a person there for the purpose of making an examination. A. Will that suit you?

Q. Yes; perfectly. A. There is no book we have, then, that is not subject to your view as long as you want it and as much as you want it; as a matter of course, we can not stop our business by sending our books here, and I do not suppose you want it.

Q. We prefer the other way. A. Any expert you send down there can have access to any book we have in our office.

Q. What are the officers of your company? A. How they are designated?

Q. Yes. A. President.

Q. That is yourself? A. Yes.

Q. Vice-president? A. George W. Wingate; secretary and treasurer —

Q. Are those offices held by one man? A. Yes, sir; Elisha Dwyer, Jr.; general superintendent, Isaac D. Barton; chief engineer, O. F. Nichols; auditor, W. P. Longyear; that is substantially the principal officers; you do not care about the master mechanic?

Q. Oh, no; the salaries of all those are included in your statement in the report, salaries of general officers, \$28,816.68? A. The president and vice-president of the road receive no salary.

Q. All the salaries that are paid are included within that \$28,000? A. I suppose so; the books will show that.

Q. Are you subjected still to litigations for damages for passing of property? A. Yes, sir; constantly.

Q. About what number of employes do you have upon this line? A. I should approximate it at about 1,000; Mr. Barton is here and can state exactly; I should like to have him state; is that right, Mr. Barton? I should like that question withdrawn.

Mr. Barton.—One thousand two hundred and seven.

A. I am going into guess work now.

Q. I do not want that Mr. Uhlman. A. I did not suppose you did.

Q. How many trains do you run? A. Wouldn't you prefer to ask that of Mr. Barton?

Q. Yes; do you devote much of your time to looking after the road? A. All of it.

Q. Without a salary? A. Without a salary.

Q. I see you have got as receipts from the trolley line, \$8,363; that is for what? A. This is on the structure under a rental they pay us so much.

Q. And the Electric Light Company also \$2,661.90? A. Yes.

Q. You connect with the bridge on which street? A. The new bridge, do you mean; this bridge is a public bridge that exists; it belongs to the cities; do you mean the one for which the franchise is now existing building a new bridge?

Q. The Brooklyn bridge. A. Certainly we do.

Q. On what street? A. We now connect with the bridge at Sands street, directly overhead; and also by means of a public way approach it from York and Washington streets, along Washington street through the opening for that purpose.

Q. Do you pay anything to the bridge company or to the city for the connection, or its property either? A. Not either; we pay the bridge company for the use of some of their property we occupy.

Q. What is that? A. We occupy property belonging to them adjoining the Fulton ferry immediately adjoining the main tower on the Brooklyn side, for which we pay them \$5,000 per annum.

Q. You propose changing your line so as to connect with the new bridge? A. Connect with the new terminus.

Q. Yes? A. Yes, sir; we intend to abandon the connection along Washington street by means of a covered way, and take in lieu a connection by a new connection at High street, and then forming a loop so as to connect the two stations, the Sands street station and the High street station, for which we then agree to pay the bridge a rental, because we then occupy some of their property.

Q. Mr. Uhlman, do you think the statutes of the State of New York ought to permit the organization of a railroad company and the issuing of its stock to go in connection with the sale of its bonds in the manner in which it has been done by your company?

A. Yes; I do believe it ought to be so, if for this reason only: That otherwise railroads could not be built; railroad promoters and investors in railroad securities are not philanthropists; no man can tell what the income of his investment will be until the railroad is completed and in operation, and therefore in order to induce people to purchase you must give them a chance to make a profit in the event it is successful, because they undertake the risk in the event that the promoters and they themselves are mistaken, and if it were requisite to sell stocks or bonds at the exact cost at the par of the construction, expenses connected therewith, not one railroad would be existing to-day in the State of New York.

Q. Do you think water in the stock is absolutely essential? A. Absolutely essential, because people do not want it straight to take the stock or bonds in an incomplete road.

Q. They take more water in that than anything else? A. Yes; it eases it up.

Q. Now, that is just the reason why such a great proportion of the railroads of the country are in the hands of a receiver and financially embarrassed, is it not? A. No, sir; that is not the reason, in my judgment.

Q. Take your own road here? A. Yes, sir.

Q. To pay out you have got to pay over \$1,500,000 a mile? A. No.

Q. Yes, you have. A. Beg pardon.

Q. You have got your bonds and your stock? A. Only to pay on our bonds.

Q. I know you can keep alive by paying interest on your bonds; I am not talking about that. A. Oh; beg pardon.

Q. But if you want to balance your sheet here you have got to pay out at the rate of over \$1,500,000 a mile, and your entire road can be constructed to-day for considerably less than one-third of that? A. No; we could not.

Q. You could not? A. No; with the element of property damages fixed at a moderate amount, at the cost of material to-day, I

think it would cost, including property damages, fully one-half, if not more, of the amount stated.

Q. It did not cost that before? A. We have not quite settled our property damages.

Q. Leave out the element of property damages, Mr. Uhlman, and wouldn't you like the contract to build an elevated road to-day and equip it thoroughly, in substantially the same manner that yours is constructed, or as good as that? A. Yes, sir.

Q. Upon substantially the same line, the same route, at less than \$400,000 a mile? A. No, sir; I would not, and in proof of that —

Q. I say, eliminating the property damages? A. Yes; and in proof of that statement the city of Brooklyn, in its tax levy, estimates, for tax purposes, the value of the structure, without equipment, at \$240,000 a mile.

Q. That is to figure a low tax rate, is it not? A. It gives you some idea of what men, under oath to do their duty, think.

Q. Your road only cost you, your foundation and structure and superstructure, when you built, \$240,000 a mile, and it certainly can be built to-day for 50 per cent. of what it could in 1884? A. No, sir; material was very low in 1884 and 1885, and again became very low in 1891 and 1892, and has been low until recently; since three or four months iron has advanced from 10 to 30 per cent.; iron, and with it, steel.

Q. This is the work of the bridge companies; it is substantially bridgeway construction? A. Yes; substantially a continuation of the bridge.

Q. Is it not a fact that within the past fifteen years the actual cost of that class of work has been practically cut in two? A. Yes; in fifteen years, I will admit; that is, fifteen years ago; I will give you accurate figures; when the Brooklyn began to build, and I learn that from having to settle an old debt of the receiver, after our company took hold of it; they paid as high as 5½ cents for iron; when we undertook to build we got it as low as 4; since then it has been as low as 3, and even a fraction thereunder; now, it is about 3.80 or 3.90.

Q. It has been as low as 2.60? A. Not this kind of iron; never that I heard of; the lowest contract I ever heard made was a little work done in the city of New York as low as 2.90; it was a small job, at a time when iron was very much depressed, in 1894.

Q. What are your locomotives costing you now? A. From fifty-two to fifty-five hundred dollars; it is about what I stated before.

Q. You stated \$5,500; do you use substantially the same as used on the Kings County? A. Yes, sir; substantially; some different as to form, but that is all; the character is alike.

Recess until Friday, July 19, 1895, at 10 a. m.

Proceedings of Friday, July 19, 1895, at 10 a. m.

P. F. Vaughn, called and sworn, testified:

By Mr. Wade:

Q. Where do you reside? A. I reside at 390 Clifton place, Brooklyn.

Q. What is your business? A. Stenographer.

Q. Where are you employed? A. J. & W. Seligman & Co., New York.

Q. What is their business? A. Banking business.

Q. How long have you been in the employ of Seligman & Co.? A. Thirteen years, or 14.

Q. Were you at one time connected with the Brooklyn Construction Company? A. Yes, sir.

Q. In what capacity? A. I believe as incorporator, and also as a director.

Q. At whose instigation did you become connected with that company, if that of any person? A. I think through the firm's; at the firm's, I believe.

Q. Seligman & Co.? A. Yes, sir.

Q. Were they largely interested in that company? A. I believe they were.

Q. You signed the certificate of incorporation? A. I think I did; yes, sir.

Q. And became one of the original directors? A. Yes.

Q. Did you know anything about the affairs of the company? A. Nothing more than what appears by the minutes; all the minutes you can get; nothing more than what was passed at the different meetings.

Q. When was this company organized? A. January, I think, 1893; January 13th.

Q. How long did you remain one of those directors? A. I think I am one yet.

Q. Do you regularly meet with them. A. Whenever they have held meetings.

Q. With the board? A. Yes, sir.

Q. What is the capital stock of the company, do you know? A. Three millions preferred and six millions common.

Q. What line or lines of road has that company constructed, if any? A. I think the object of the company was to buy the Atlantic Avenue lines and equip them with electricity.

Q. Has it done so? A. Yes, sir.

Q. When did it commence that work? A. I don't know exactly the date; it commenced shortly after acquiring the lines.

Q. About when was it? A. I suppose 1893.

Q. What did they do about the lines or stock of the company? A. They bought the stock, acquiring control of the company.

Q. Of the Atlantic Avenue Line? A. Yes.

Q. What railroads form a part of those lines? A. The Seventh Avenue, Vanderbilt Avenue, Hick Street, Butler Street, Fifth Avenue, Brooklyn, Bath and West End, I believe.

Q. Was it all under the management of one corporation at the time they made the purchase? A. It is managed by the Atlantic Avenue Railroad, but it is controlled by the Brooklyn Traction Company.

Q. It is now? A. Yes, sir.

Q. At the time they purchased this stock? A. It was all under one management, the Atlantic avenue.

Q. What was the capital stock of the Atlantic Avenue? A. I couldn't tell that.

Q. About? A. I do not know exactly; I believe the company acquired some twenty odd thousand shares; I do not know the exact figures.

Q. You helped make one of the contracts? A. Yes, but I am like one of the directors of all these companies, and went in under the instruction of the firm, and I supposed everything was all right, and I guess it is; I did not take sufficient interest in it.

Q. You are under marching orders? A. Exactly.

Q. Can you tell about what the capital stock of the Atlantic Avenue is? A. I could not tell you.

Q. What was the name of that corporation? A. Which.

Q. What is its name? A. The Brooklyn Traction Company?

Q. The other one. A. The Atlantic Avenue Railroad system.

Q. What did they pay for that stock? A. I don't know; I can not recall at this minute.

Q. Did you ever know? A. I suppose I did at the time, but I did not fix it in my memory.

Q. You think you knew at the time? A. I guess the records will prove what was paid for it.

Q. We have not got those? A. Those can be had easily, I understand.

Q. We can prove it quicker by you if you know about it? A. I do not know.

Q. That settles it; what is the amount of trackage of the Atlantic Avenue Railroad system? A. Traffic?

Q. Amount of track, distance, length? A. That I do not know.

Q. Did you ever know that? A. No, sir; I did not take sufficient interest to inquire about it.

Q. Did you ever know what its indebtedness was at the time the Brooklyn Traction Company purchased its stock? A. No, sir.

Q. Do you know whether or not the Brooklyn Traction Company assumed the indebtedness, or guaranteed the indebtedness

of the Atlantic avenue system? A. I suppose it did; I don't know positively; I suppose when it got control of the stock it did.

Q. Who was the first president of the Brooklyn Traction Company? A. Mr. Denniston, who is dead; Mr. E. E. Denniston.

Q. He was the first president? A. Yes, sir.

Q. How long did he occupy that position? A. At the time of his death.

Q. When was that? A. Do you know when; I think he died in 1894, some time; I am not sure; I think in 1894.

Q. What was his business? A. He was connected with E. W. Clark & Co.; he was promoter largely; purchasing railroads.

Q. E. W. Clark & Co. of where? A. Philadelphia.

Q. What is the business of that firm? A. Bankers and brokers

Q. Give me his full name, please? A. Edward E. Denniston.

Q. Were either of the Seligmans directors in this company? A. No, sir.

Q. How extensively were they interested in this company? A. Largely; I don't know to what amount.

Q. You represented them on the board of directors? A. Yes, sir; one of them.

Q. One of them? A. Yes, I was one of their representatives; they had others on the board.

Q. Do you know why one of them did not go on the board himself? A. No, sir.

Q. Denniston, you say, was the promoter? A. Yes, sir.

Q. Of what? A. Largely city railroads; street railroads.

Q. And of schemes for acquiring roads already constructed? A. Yes, sir.

Q. Was he the promoter of that Brooklyn Traction Company? A. I think he was the chief man in it.

Q. How extensively was he interested in it? A. That I couldn't say.

Q. Who was the secretary of the company? A. E. Ford Stevens.

Q. Where is he? A. He is in Philadelphia, with E. W. Clark & Company.

Q. Is he still the secretary? A. He is; yes, sir.

Q. How much stock did you acquire in the company, Mr. Vaughin? A. I do not know; I do not know how much stock.

Q. Did you ever know? A. I don't think I paid enough attention to know.

Q. What did you pay for it? A. That I do not know.

Q. Did you pay anything? A. I suppose something was paid for it, yes, sir.

Q. You, yourself? A. Personally I do not believe I did, no.

Q. Whatever was paid for it was paid by the parties whom you represented? A. I suppose so, yes, sir.

Q. And it stood in your name for the purpose of enabling you to go on the board and represent those parties? A. Yes, sir.

Q. Did you understand something of the nature of the position of a director of a corporation? A. I understood when I went on the board I represented people in whom I had absolute faith and confidence.

Q. You can not run a corporation mostly on faith and confidence, but it requires a little of it; what I asked you is, if you understand something of the nature of the duties of a director of a corporation? A. I understood that I went there as the representative of these people, who — if they asked me to do anything, they would not ask me to do anything wrong.

Q. Did you know it was part of your duty to familiarize yourself with the business of the company? A. I was too much occupied with the other business in the office.

Q. So you did not do it? A. No, sir.

Q. If Seligman & Company told you to vote a certain way on a certain proposition, you did it? A. I would do it; yes, sir.

Q. Do you know what was paid into the treasury for the stock of this company? A. No, sir; I do not.

Q. What is the character of the preferred stock? A. It is accumulative preferred stock.

Q. What rate? A. Six per cent. dividends.

Q. Six per cent. accumulative? A. Yes, sir.

Q. Is that accumulating, or paid? A. There has been only one dividend declared on it.

Q. On the preferred stock? A. Yes, sir.

Q. Have you sufficient knowledge of this company, Mr. Vaughn, of the Brooklyn Traction Company, and of the Atlantic avenue system, and of the people interested in it, so that you could suggest the name of some men who would be likely to know how much the capital stock of each company, and how the company was organized, and what was paid into the company on issuing the stock? A. I think either the president or secretary; Mr. John P. Ilsley is the president; I think they would know; or the secretary; Mr. Ilsley also lives in Philadelphia, with E. W. Clark & Co.

Q. Do you know any resident of the State that could cast any light on these inquiries? A. I do not know, only some members of the firm; I suppose they are all pretty well acquainted with it; I don't know of any one who has any positive knowledge of it.

Q. Who composes the board of directors now? A. Myself, Mr. Glazier, who is now here; Mr. Edward Philips.

Q. Is he in the same position as you? A. Just about; Mr. Phillips is also in the same position; and Albert Strauss, assistant secretary.

Q. Who is he? A. He is in the office of the Seligmans.

Q. Do you think he would know anything about it? A. He might, a little more than I, being assistant secretary; then there is two in Philadelphia, and a man, who died, by the name of Powers —

Q. We can not get anything from him. A. I think there are seven directors, Steven, Ilsley and the other four, is six, and the man dead makes the seventh.

Q. Do you think either of the resident directors could give any information in reference to these companies? A. I do not believe they can, other than the general that I have stated.

Q. Where was this Brooklyn Traction Company incorporated; under the laws of what State? A. The laws of this State.

Q. Does Mr. Ilsley represent Clark & Company? A. He may represent himself and company as well; I don't know.

Q. Is he connected with Clark & Company? A. I don't know.

Q. Is he connected with them as you are with the Seligmans? A. Yes,; he is in their office as an expert.

Q. On what? A. On the construction of street railroads.

Q. Who are the actual owners of the stock of this company? A. That I could not say; the stock book would show; I couldn't tell the actual owners.

Q. Who seems to have the interest in the road to direct its affairs? A. J. & W. Seligman & Company and Clark & Company, so far as I could say; I don't know positively.

Q. Who is in charge of the office of the firm? A. Mr. E. Ford Stevens; he is the secretary and his office is in Philadelphia, with Clark & Company.

Q. The principal office in Philadelphia? A. Yes, sir.

Q. Where do you meet to elect directors? A. We have met in the office of the Seligmans; Stevens would come on from Philadelphia.

Q. Then the principal office is in Philadelphia? A. Yes, sir; there is no office; the books are kept there, and all the records are there.

Q. Do you know why that is? A. No; only as a matter of convenience to Mr. Stevens, is all; he is there largely.

Q. When did you attend the last meeting of the directors? A. It is so long ago that I can't tell the date.

Q. Can you tell the year? A. I suppose, about; it has been this year, I think; yes, sir; I think about six months ago.

Q. Immediately after the annual stockholders' meeting, was it? A. Yes, sir.

Q. Where did you hold that meeting? A. At the Seligmans' office.

Q. Did they ever hold any meetings in Philadelphia? A. No, sir.

Q. Do you know anything about the operation of the railroad?

A. I do not.

Q. Who is in charge of that? A. Mr. H. M. Littell, the president of the road; that is, of the Atlantic Avenue road.

Q. Littell? A. H. M. Littell.

Q. I show you a copy of the certificate of incorporation that is printed in the reports of the Friday investigation, at page 718; will you look at that and see if that is a certificate of the incorporation of this company which you signed; see if it is a copy of it? (Book handed witness.)

A. Yes, sir.

Mr. Wade.—The stenographer may mark, in evidence, pages 718, 719, 720 and 721 of the Friday report, as read in evidence.

Q. Have you ever changed the principal business office of the company? A. It has always been at Philadelphia.

Q. Your certificate here — A. Says in New York; I always understood it to be in Philadelphia, on account of Mr. Stevens being there.

Q. "The principal business office of the said corporation shall be in the city of Brooklyn, county of Kings, and State of New York;" have you got any such office here? A. I don't know; I never met at any company's office in this city.

Q. At the time you were incorporated here you incorporated for fifty shares of preferred stock and fifty of common stock, did you not? A. I suppose, if the certificate shows that, that they did.

Q. That is \$10,000? A. Yes, sir.

Q. Now, then, when did you take steps to increase the capital stock of the company? A. I think in June, in 1893 of that year; some time that year, if I remember rightly.

Q. This paper, is executed the 9th of January, 1893? A. Yes, sir.

Q. In June you took steps to increase it to what amount? A. To three millions preferred and six millions common.

Q. What was paid for the stock that was issued on that increase? A. Preferred stock at par, I believe.

Q. What? A. I understood preferred at par.

Q. Did they pay that in in money? A. The syndicate did, I understand.

Q. Who composed the syndicate? A. I don't know.

Q. What did the syndicate have to do with it? A. They purchased the road; they purchased the property.

Q. Was Mr. Stevens a member of that? A. Of that syndicate?

Q. Yes, sir. A. I couldn't say.

Q. Do you, Mr. Vaughn, a director of that company, know upon what basis the company put out this capital stock? A. I do not know.

Q. Did you ever know? A. I don't think I did.

Q. Did you understand that anything was paid for the thousand dollars of common stock which you took? A. I could not say personally; no.

Q. Who was Henry S. Glazier? A. He is president; he is here now; he is one of the directors.

Q. He seemed to take preferred stock? A. I suppose he took whatever was given to him.

Q. And you took common? A. I was not so particular about my taste, I suppose.

Q. And Albert Strauss, do you know him? A. Yes, sir.

Q. He seems to have been preferred? A. He is a better looking fellow, I suppose.

Q. Mr. Glazier was in the employ of Seligman & Co.? A. He is; yes, sir.

Q. Mr. Strauss? A. Yes, sir.

Q. Who is John A. Snyder? A. He is also there.

Q. E. D. Phillips? A. He is also there.

Q. J. H. Lockman? A. He is also there.

Q. E. J. Cavanaugh? A. He is also there.

Q. All fellow clerks; all the incorporators? A. Yes, sir.

Q. Do you remember executing this certificate of incorporation?
A. If my name is to it I signed it.

Q. Do you remember it? A. Yes, sir; I signed it.

Q. Do you remember the fact of signing it? A. Yes.

Q. Do you remember swearing to it? A. Yes.

Q. Do you remember the contents of that affidavit? A. It is like all other affidavits, I suppose.

Q. No it is not; "Albert Strauss, E. D. Philips, P. F. Vaughn and Henry S. Glazier, being duly and severally sworn, each for himself says that he is a director in the Brooklyn Traction Company, and one of those named in the foregoing certificate of incorporation; that the subscriptions made by the persons who signed said certificate aggregate \$10,000, being the entire capital stock thereof and that the entire amount has been paid in cash to the directors named in the certificate?" A. I supposed it was paid.

Q. Whom did you suppose it was paid to? A. Paid into the firm; I don't know.

Q. Of Seligman & Co.? A. Yes, sir.

Q. This says the directors? A. I supposed placed to the credit of the directors.

Q. Did you subsequently transfer your stock to Seligman & Co., the bulk of it? A. I think it is still in my name.

Q. Have you contracted to transfer it? A. No, sir; I have not; not that I remember.

Q. Haven't you? A. I can't say that I have signed it on the back.

Q. Can you say you did not? A. From recollection I can say I did not; I don't recollect signing any certificate on the back; I can say, however, the company holds a power of attorney from me.

Q. That rather qualifies your interest in that stock, does it not? A. Yes, sir; that is, in case of death, I suppose.

Q. Yes, sir; I think that one of these present gentlemen would be likely to know more about this than you? A. I think so.

You are excused.

Henry S. Glazier, called and sworn, testified:

By Mr. Wade:

Q. What is your business? A. I am stock clerk for J. W. Seligman & Co.

Q. How long have you been engaged in that business? A. I have been in their employ for four years; I have been at that particular desk for about a year and a half.

Q. Do you remember the incorporation of the Brooklyn Traction Co.? A. Yes, sir.

Q. Are you one of its directors? A. No, I am not.

Q. When did you retire? A. I believe I retired at the first meeting in 1893.

Q. Do you know anything about the business? A. At the time I did, but I resigned before anything was done, so it really was none of my affairs.

Q. Why did you resign? A. The parties who were interested preferred to have me resign, and I did it.

Q. I suppose you took this position at the request of the firm by whom you were employed? A. I did.

Q. Having no interest of your own in the company? A. Yes, sir; I have to this day an interest in the company.

Q. What is it? A. I am a stockholder of the company.

Q. You hold some of the preferred stock? A. Not now.

Q. What did you do with that? A. I sold that.

Q. Did you buy some common? A. Yes, sir.

Q. Whom did you buy some common of? A. In the market.

Q. When? A. At different times; I have had some ever since the company was started.

Q. That is, stock that you purchased on the market? A. Some of it.

Q. Irrespective of your employers? A. Yes, sir; I got this entirely disconnected with the firm; they had nothing to do with it.

Q. You did not know from whom it came? A. Some of it came originally direct from the company.

Q. That was what, preferred or common? A. The preferred stock, and then there was some common stock also.

Q. Out of the \$10,000 of capital stock for which the company was incorporated you seem to have subscribed for 25 shares of the preferred stock? A. Yes.

Q. What became of that? A. That stock was repurchased again from me, I believe, for J. & W. Seligman & Co.

Q. Have you any doubt about it? A. I have; I mean it was, I think, purchased by them.

Q. Who paid the \$2,500 to the directors for that stock? A. They paid it, originally, for me.

Q. And did they also take a power of attorney from you to transfer the stock? A. They have no general power of attorney.

Q. Did they in this instance? A. In this instance they did; in this instance I was purely representing them, and they had my power of attorney for the stock.

Q. You had no interest in the company except as you represented your employers? A. Originally not.

Q. Who succeeded you? A. I don't know; except as I imagine from a list I had seen later on; either Denniston or Stevens or Strauss, because they were the new names.

Q. Were you on the board when the capital stock was increased three millions and six millions, is it? A. Yes; I am not sure whether I was on the board then.

Q. What is their stock worth on the market now, for the common stock? A. I should say about \$18 a share.

Q. What is the preferred? A. About \$65 or \$70 a share.

Q. Is it listed? A. No.

Q. You say no dividends paid? A. A dividend was paid in July, 1893; that was the only dividend.

Q. Was the company earning any money then? A. The Atlantic Avenue was.

Q. The Brooklyn Traction Company, I mean? A. Yes; the Traction Company, being stockholders of the Atlantic Avenue Company, would get that money.

Q. Had they acquired the Atlantic Avenue lines at that time? A. Yes, sir.

Q. Do you know anything about the operation of that Atlantic Avenue line? A. I do not now, except what I see in the paper; I am not connected with the company any more.

Q. Did you ever know anything about it by participating in it?

A. No; I did not; I didn't know anything about it.

Q. Did you know anything about the financial condition of either of those companies? A. I did; yes, sir; I don't know the complete financial condition of the company.

Q. What is the capital stock of the Atlantic Avenue system?

A. I am sure I am — I think it was 40,000 shares, but I am not sure; I have forgotten it.

Q. One hundred dollars a share? A. No; I think it was one-half shares.

Q. Two million dollars? A. I believe that was the capitalization of it.

Q. What was its bonded indebtedness at the time you organized this company? A. Three millions.

Q. What was the length of its entire road? A. I don't remember how much; I think it was something like 75 or 79 miles; I really don't remember.

Q. What? A. I think it has 75 miles, including double track-age and all branches; I could not state.

Q. Has the capital stock of that company, the Atlantic Avenue, been increased or diminished? A. No, sir; it remains the same.

Q. Do you know whether the Brooklyn Traction Company has issued any bonds? A. They have no bonds outstanding.

Q. They have not any road upon which to secure them, have they? A. No, sir; they are simply secured on the corporation.

Q. The entire property of the Traction Company is the ownership of the stock of the Atlantic Avenue? A. Yes, sir; that is all.

Q. Who would be able to tell us about the working of that company; do you think either of the Seligmans might? A. I believe the counsel of the company, Mr. Boardman, stated he would be willing to furnish proper party with the records and give full information, but who the party he refers to is I don't know.

Q. I do not care to consume the time with you, Mr. Glazier; it is apparent that you were simply acting in the capacity of representative? A. I was simply acting for them at the time, for about two weeks.

Q. You understood that to be the position of all the other directors of the company at the time it was incorporated? A. I think that was the position of most of them; I don't think there was any exception; if the names you read there were all, I think that was the position.

Q. There was yourself? A. Yes, sir.

Q. Albert Strauss, John A. Snyder, E. D. Philips, P. F. Vaughn, J. H. Lockman and E. J. Cavanaugh? A. They are all employes, and I suppose were all treated exactly alike.

Q. How long has Mr. Littell been president of the Atlantic Avenue line? A. July 1, 1895.

Q. Who was his predecessor? A. Benjamin Norton.

P. F. Vaughn, recalled, testified:

By Mr. Wade:

Q. Has it been your custom, in this company, and as a director of it, to execute whatever papers were brought to you in reference to which you were requested to execute to Seligman & Co., without any investigation on your part? A. Yes, sir.

Q. And without knowing anything about the transaction? A. When I got the assurance it was all right, I did.

By Mr. Nixon:

Q. That was all you required? A. Yes, sir.

Q. You never satisfied your ownself? A. No, sir.

Q. Whether the facts stated in it were so or not? A. No, sir.

Q. Never knew anything of it? A. No, sir.

Q. Did you ever make any reports bearing on stock or anything of the kind for the benefit of the promoters? A. I don't remember of any such.

Q. Or bearing on the question whether it would be a dividend-paying stock or not? A. No, sir; it has never been a very profitable company, as a matter of fact.

Q. To whom? A. To the people interested.

By Mr. Wade:

Q. I want to ask you one more question; you told me, if I recollect correctly, that the preferred stock was issued by the company at par? A. Yes, sir.

Q. That that amount in money was actually paid into the treasury? A. Yes, sir.

Q. Three millions of dollars? A. Yes, sir.

Q. By whom? A. By the subscribers to the preferred stock.

Q. I naturally supposed that; but who were they? A. I don't know that.

Q. What was paid for the common stock? A. I don't know that anything was paid for the common stock; I understood the common stock was given for a bonus for subscription to the preferred.

Q. If a fellow paid \$1 for the preferred it gave him \$2 for the common? A. I suppose something on that basis; I don't know the exact basis.

Q. What was done with the three millions? A. In buying the Atlantic Avenue Company's railroad stock, and equipping with electricity.

Q. That three millions was used in that way? A. I understood so.

Q. Do you know whether the Atlantic Avenue system then increased its bond issue? A. I believe it did.

Q. How much? A. I think a million and a half of bonds were afterwards placed on it.

Q. What was on it prior to that? A. There was other bonds; I don't know the exact nature of it.

Q. You set down to buy the stock of that company; your board of directors got together and passed a resolution to make that purchase? A. Yes, sir.

Q. Did you investigate to see how much it was worth? A. No, sir; I did not.

Q. How much did you pay for the Atlantic Avenue system, for that stock? A. Two hundred and some odd dollars a share; I don't know exactly; the records will show.

Q. Records of what? A. The company.

Q. Which one? A. The Brooklyn Traction.

Q. That is, the minutes of the board of directors? A. Yes; they can be had at any time.

Q. I wish you would bring them in here in about ten minutes? A. I can not in ten minutes, but if sufficient notice is given they will be brought.

Q. Are they in the city? A. I don't know; I suppose they are in Philadelphia, with Mr. Stevens, the secretary.

That is all.

By Mr. Nixon:

Q. You suggested a moment ago that that was not a very profitable investment; do you mean to the promoters or stockholders? A. I believe to the stockholders also; I don't think they made any money out of it.

By Mr. Gleason:

Q. Who is the attorney of the company? A. Theodore Seligman did most of the business.

Q. Who prepared the minutes of the meetings? A. Mr. Stevens prepared the minutes of the meetings; Theodore Seligman attended to any legal papers drawn.

Q. Who prepared the minutes of the first organization meeting? A. I think they were prepared by Mr. Stevens; they were directed to me at the time; I was assistant secretary; is that all?

Yes.

John N. Partridge, called and sworn, testified:

By Mr. Wade:

Q. Do you reside in Brooklyn? A. Yes, sir.

Q. You are president of what street railroad? A. Brooklyn City and Newtown Railroad Company.

Q. What lines does that company operate? A. That known as the DeKalb Avenue line and the Franklin Avenue line.

Q. How extensive a road is under the operation of this com-

pany? A. We have about 19 miles of double track; one line is about 5 miles long and the other $4\frac{1}{2}$.

Q. That does not make 19? A. One line is about 5 miles long, and double track; I said 19 miles single track, didn't I?

Q. No, you said double track? A. It was a slip of the tongue, then.

Q. Where does that road commence? A. The DeKalb Avenue line commences at Fulton Ferry and terminates on DeKalb about the city line—Wyckoff avenue, as constructed; the charter grants extension; that length was made.

Q. When was this road built? A. Prior to 1860.

Q. And you operated it by horse power up to what time? A. In 1892 we commenced the construction.

Q. The same corporation operating it all the time? A. Yes, sir; the Franklin Avenue was originally a separate company; that was bought a few years ago, under foreclosure, by the Newtown Company; it was the Grant Street, Prospect Park and Flatbush.

Q. When was that portion of the road acquired by the company? A. I should say in the latter part of the eighties; about 1888 or 1889, I should think.

Q. That was acquired by foreclosure, was it? A. Yes, sir.

Q. Do you remember what was paid for it? A. It cost us between \$300,000 and \$400,000, is my recollection; it was a rather mixed affair.

Q. That is, the four and one-half miles of line? A. Yes, sir.

Q. Did that include anything but the roadbed? A. It included all its franchises; everything that it had.

Q. Then you continued to run that road in connection with your other? A. Yes, sir.

Q. And you continued to run it by horse power up to what time? A. We equipped that line in 1893; little later than the other; the other in 1892.

Q. What was the capital stock of the company at the time you purchased this four and one-half miles? A. It was authorized \$2,000,000; \$1,000,000 had been issued.

Q. Did you increase the issue at that time? A. No, sir.

Q. Two millions authorized and \$1,000,000 had been issued?

A. Yes, sir.

Q. Did your company have any bonded indebtedness at the time you acquired this four and one-half miles? A. It did.

Q. To what amount? A. The Brooklyn City and New Town had a bonded indebtedness of \$400,000.

Q. Any other? A. We had floating debts.

Q. Of any considerable amount? A. One hundred thousand dollars or more; I don't remember the exact amount.

Q. Then \$500,000 would cover it? A. In that neighborhood.

Q. And \$1,000,000 capital stock? A. Yes, sir.

Q. And five miles of road; now, prior to that time had your company been paying the interest on its indebtedness? A. The Brooklyn City and New Town always have; yes, sir.

Q. And dividends? A. It had payed them, but very irregularly under the horse system.

Q. Paid them irregularly? A. Yes, sir.

Q. How was the purchase of four and one-half miles of road paid for? A. If you will let me tell you, you will get it quicker.

Q. Yes. A. The road was sold under the foreclosure of second mortgage bonds; the first mortgage was a liability we assumed in the purchase; those were about to mature, and also our own \$400,000, and we issued a new mortgage to retire the old, and pay for the new road, and to equip.

Q. That is, covering the entire line? A. Yes; covering everything; we have only one mortgage out now; all those bonds are paid, and the floating debt also.

Q. Paid it by bond issue? A. Yes, sir.

Q. And included in that — A. Both lines; the old and the new.

Q. What is the amount of that issue? A. The amount authorized is \$2,000,000, not all out; over \$1,900,000 is out.

Q. That was for the purpose of retiring the \$400,000 and purchasing the new road? A. And retiring the bonds of the other

road, for which we were responsible, and paying everything it owed, and paying for equipment.

Q. At that time did you contemplate electrifying the road? A. Yes, sir; we contemplated it at the time we purchased, but had not done anything more than contemplate; we provided for an issue of the bonds, \$1,000,000 of which would be held for the equipment.

Q. What is the capital stock of your company? A. Authorized, \$2,000,000; and \$1,000,000 issued.

Q. And the indebtedness practically \$2,000,000? A. Yes.

Q. Your report, Mr. Partridge, shows the total lengths of all tracks and sidings, 31.95? A. That is sidings; I was speaking of the main line; that includes sidings.

Q. What rate of interest do the bonds bear? A. Five per cent.

Q. How long have you been connected with the company? A. Since the spring of 1886.

Q. And the same position all the while, president? A. Yes, sir.

Q. Were you in any way interested in it prior to that time? A. No, sir.

Q. Now, Mr. Partridge, when you purchased the four and one-half miles of road, you made this issue of \$2,000,000 of new bonds? A. Yes, sir; we provided for the issue, and did not make it.

Q. And followed it up by consummating it? A. Yes, sir.

Q. And with that you took up \$400,000 of your old bonds? A. Yes, sir.

Q. You took up the first mortgage bonds on this other road; what do you say that was? A. Two hundred thousand dollars.

Q. And what did you do with the balance? A. I said a little over \$300,000 was purchased under the foreclosure, and there was some floating debts; that just about used up the million; and the second million was used for changing the track from horses to electricity.

Q. Your experience with street railways is sufficient so you can tell us about what a new electric road would cost? A. No, sir; it would be a pretty hard thing to tell.

Q. Your road stands you in about \$142,000 a mile? A. There is a difference in roads — difference in conditions.

Q. You have not any idea that it cost that money, have you?
A. What do you mean; to complete a new road?

Q. Yes. A. That would depend on the circumstances.

Q. And to equip it? A. That would depend on circumstances; the equipment includes laying tracks and set poles, and so forth?

Q. Yes; that is part of the construction. A. Construction and equipment run together, and it is hard to draw the line between them.

Q. All right; did you do this work all yourself or contract it?
A. We contracted parts of it with different contractors; we did not let it all out to one contractor.

Q. Your system was not changed? A. Not by letting it to a single contractor.

Q. What you paid was paid in cash? A. Yes, sir.

Q. Were any stocks or bonds given at all? A. No, sir.

Q. Your books will show the entire cost of reconstruction?
A. Yes, sir.

Q. And change of system? A. Yes, sir.

Q. Are you willing that the committee should send a competent accountant to look at and examine your books? A. I should like to ask our counsel about that first; if it is proper, I have no objection.

Q. If you will kindly do that; that involves an examination of all the books of your company, and to do that avoids the necessity of subpoenaing you, for instance, to bring them here; I suppose that would be most inconvenient? A. It would be a big load to bring.

Q. And if they were to be examined at all you would prefer to have them examined there by some competent person? A. Yes; I see no reason as a matter of business.

Q. I do not suppose your counsel will? A. I want to act under the authority of our counsel; I came here without any counsel or without any preparation.

Q. Then I will not ask you to say yes or no, but if you can drop

in this afternoon? A. I will if I can reach our counsel; he may have engagements in court or elsewhere.

Q. If it is convenient for you do so; I do not suppose they will object to it; if you can see your counsel before noon, all right; I do not mean before noon, but before we adjourn to-night? A. If I do not, I will probably let you know in the morning.

Q. Your company, is, I see by the report, \$700,000 of your capital stock, was issued for actual cash? A. That was long before my day.

Q. And it says \$300,000 on account of construction? A. So far as I know, that is all straight; that was back in the fifties.

Q. In your company, you have not seen the necessity of some foreign corporation yet? A. We have taken the course we have deemed best for our interests.

Q. It seems to show up pretty well on the report; better than where there is some traction company created in some other locality? A. I think our stockholders are satisfied.

Q. I see you paid 10 per cent. dividends last year? A. Yes.

Q. And still had a surplus of \$38,000? A. Yes, sir.

Q. I do not think I will detain you any longer? A. Well you require our superintendent; he is familiar only with the outside construction of the road.

Q. I do not think we will need him to-day. A. Then I can take him with me? Q. Yes.

Eugene Griffin, called and sworn, testified:

By Mr. Wade:

Q. Where do you reside? A. In Albany.

Q. How long have you resided there? A. I have resided there since October of last year.

Q. Prior to that time where did you reside? Up to 1893; I have moved around so much I will have to —

Q. Just two or three years prior? A. Until the fall of 1892 I lived in Boston; in the fall of 1892 I think I moved to Albany and Schenectady, and lived in that city.

Q. In what business are you engaged? A. Electrical business.

Q. What concern are you connected with? A. The General Electric Company.

Q. How long have you been connected with that concern? A. Since its organization.

Q. When was that? A. In 1892.

Q. Are you familiar with the electric roads of Brooklyn? A. In a general way.

Q. What particular branch of the business of the General Electric Company are you connected with, if any? A. I have charge of the selling, principally.

Q. What are the nature of the supplies sold? A. Electrical machines.

Q. Motors? A. And supply pipe for use, motors, generators; principally motors and generators.

Q. Do they also produce all the various electrical supplies? A. Yes; circuit switches, cut-outs, and underground tubing and such supplies.

Q. Have you had any connection with either of the Brooklyn roads in the way of selling them any of their generators, motors or electrical supplies? A. We have.

Q. When did that commence— about when? A. I think it began in 1891; I think our first contract was with the Coney Island and Brooklyn Road.

Q. Coney Island and Brooklyn? A. Yes; we have sold apparatus to most of the roads here in Brooklyn.

Q. Have you sold to the Brooklyn Heights? A. Yes.

Q. You personally had charge of the sale? A. Some of them; we have made several sales to the Brooklyn Heights; some I have, and some others have.

Q. Whom did you meet in connection with that transaction? A. I think I generally met Mr. Lewis.

Q. And what was the nature of the articles sold? A. Motors and generators.

Q. Do you remember the kind and character and size, and so forth? A. The motors were what were known as the W. P. 50

motor, if you want that defined exactly; and the G. E. 800 motor, which is our present type.

Q. What is the W. B.? A. It is a designation; it means water proof.

Q. Oh, W. P.? A. Yes; it is a type of motor; and the G. E. 800 is different shaped; each about the same power, 25 to 30 horse power.

Q. What does the 800 signify? A. Eight hundred horizontal pull; that is the capacity of the motor to pull horizontally.

Q. W. P.; what is that, capacity? A. Twenty-five horse-power, about the same as G. E. 800; the G. E. 800 was a later type of motor and was rated in that way because that type of rating was adopted by the Street Railway Association of the United States.

Q. The motor you have just described, the G. E. 800, is suitable for the larger cars run upon these lines? A. I think it is suitable for as large cars as they operate here; of course, there is a size of car that it would not be suitable for; it is limited in capacity, and we have a larger size, the G. E. 1200, which are used on the larger sized cars, or where the service is more severe; for instance, grades.

Q. How many of those motors did you supply to the Brooklyn Heights Railroad Company, if you did state? A. I could only state them approximately.

Q. Give us about? A. There has been various orders from time to time; I should say that we have probably supplied 1,000 motors; that would be 500 car equipments, 2 motors to a car.

Q. Do you remember about the price they have been furnished to the company? A. The price has varied very considerably; I think it has gone all the way from \$2,600, or something like that, down to \$750 a car.

Q. Has the cost of that class of material been very much reduced in the past few years? A. I don't think there is any single article of commerce that has been subjected to such a remarkable change in the cost and selling price as electrical apparatus.

Q. A motor that has cost \$2,600 in 1890 can be purchased today for \$750? A. Yes, sir.

Q. And other electrical apparatus has gone down in proportion?

A. I do not think you could have bought it at \$2,600 in 1890; we started at \$4,500 a car.

Q. Did you start with the G. E. 800 at that? A. No, sir.

Q. A motor that took its place? A. Yes.

Q. That is a pretty large motor, is it not? A. No; the motor weighs 1,500 or 1,600 pounds; two motors on a car; the first motor we produced in 1889 weighed 2,300 or 2,400 pounds; that was about the same horse-power capacity, though; that has been improved on and superseded by later types, and the cost reduced and the selling price reduced.

Q. Gone from \$2,700 to \$750? A. Gone from \$4,500; in 1885 we were selling car equipments for \$4,500.

Q. You are not selling car equipments now for \$750? A. Yes.

Q. Both motors? A. Yes, sir; both motors; the price is the same.

Q. In your sales to this road, were there any commissions paid on the sale? A. There was not.

Q. In any way, shape or manner? A. No, sir.

Q. By your company to any party, person or corporation? A. No, sir.

Q. I don't know as you know why I make that inquiry; the thing has been suggested; the claim has been made? A. No, sir; we paid no commissions; the contracts were always either secured directly by myself or by some one of our regular employees.

Q. Anything that would take the place of a commission in any way, shape or form? A. No, sir.

Q. Any bonus to anyone who represented the road? A. No, sir.

Q. On consideration of any kind or character? A. No, sir.

Q. And is that same thing true in regard to the sale of all electrical supplies that you have furnished to either of these companies in so far as you know? A. That is true.

Q. Did you furnish any of the generators to the Brooklyn City? A. We did.

Q. Or the Brooklyn Heights? A. Yes.

Q. What were they? A. The first generators that we furnished, I think, were 500 kilo wats; that would be 667 horse power; add one-half to the number of kilo wats give you approximately the horse power; 1,000 wats is a kilo wat.

Q. How many of those? A. I think they purchased about—I have forgotten whether it was 6 or 8 or 10 of those; then they purchased 4 1,500-horse power generators.

Q. Two-thousand power? A. Two-thousand horse power; 1,500 kilo wats; and I think 4 300-kilo wats; 4 300 horse power generators.

Q. What is the cost to-day of a 200-horse power generator? A. I don't know as I could tell.

Q. What is your selling price? A. The selling price is about \$26,000.

Q. Twenty-six thousand dollars? A. Twenty-six thousand dollars or \$27,000.

Q. For one 2,000 horse power? A. Yes.

Q. What was that in 1890 or 1891? A. I think the first generators we sold were sold for \$45,000 or \$48,000, or in that vicinity; I would like to state, in reference to the change of power, one little item.

Q. All right. A. You can see how the cost has gone down; when we first began our work, the steel castings were about 11 cents per pound, and now they are about 3 cents per pound.

Q. That cuts very little figure? A. No; the frame of our motors and the frame of our machines is steel; all our motors, the whole frame of the motor is steel casting, the bulk of the material.

Q. How much does it weigh? A. About 1,700 pounds, the motor weighs; I am not speaking of the generator.

Q. I am speaking of the generator? A. The generator is still more; I do not recall the weight of the generator, but it is an enormous machine; a 2,000 horse power machine.

Q. What is the 300-horse power generator sold at? A. We have not got a 300-horse power; we have a 300-kilo wat, or 400-horse power; I think the price of that now is about \$4,500 or \$4,800.

Q. Do you know what the horse power capacity of the Brooklyn City plant is? A. No, I do not; I could give a very rough approximation.

Q. When you increase the capacity of a generator, does the price more than correspondingly increase? A. No, it lessens the cost correspondingly; that is, a larger machine would cost less per kilo wat than a smaller machine would.

Q. You make a 400-horse power generator cost \$45,000, and you make a 2,000-horse power generator cost \$28,000; that is more than correspondingly; one is five times larger and the price is more than five times as great? A. Well, the difference in that case—that introduces another element, and that is, the question of the speed of the generator; the 400-horse power is a belt-driven generator, driven at a high speed; the 2,000-horse power generator is only 5 revolutions a minute; that is attached direct to the engine; we have our 800-kilo wat machine—we have four or five different grades of speed; as high as 120 revolutions a minute; that 120-machine would cost less than 80 revolutions a minute; you have to have so much less metal in it to make up for that slower speed; you take two machines and the direct-connection machine will cost very much more than a belt-driven machine on account of slow speed.

Q. They are regarded much better? A. Yes, direct connection is better; the whole thing has been in the direction of reducing speed.

Q. Your entire product has reduced in four years, in selling price, from 100 to 300 per cent., or thereabouts? A. Yes, sir.

Q. Your motors have gone down more than 400 per cent.? A. Yes, sir.

Q. In four years? A. Yes.

Q. And your generators? A. Have gone down; they are not much more than half.

Q. They have not gone down correspondingly with the motors? A. No, sir.

Q. What is the difference? A. I think the difference is principally this; that at the time we began the manufacture of street

railway apparatus, arc-lighting machines and other dynamos were machines fairly well developed, and the building of the dynamo had progressed; it was a well-understood art; so when we come to build a railway dynamo, which was simply a generator, to give 500 generator put in instead of 110 on the lighting wires, it was a comparatively simple thing; and the development, to get down to the cost, was less than the railroad motor; there we were going into a new field, put under the car in the dust, and subjected to certain abuse by the motorman, who knows nothing about electrical apparatus, was a very difficult problem, and the development there is very much greater; we started further down.

Q. What is the difference between a motor and a generator?

A. There is no difference in principle; a generator becomes a motor if the current is put into it instead of going out of it.

Q. One is the other reversed? A. One is the other, reversed in principle; the difference is in the form and the purpose for which it is applied; we have no generator you could put under a car; it is not shaped right.

Q. You have been quite familiar with the reconstruction of these Brooklyn roads in so far as supplying and equipping with the electrical apparatus, have you not? A. Yes, sir.

Q. What would be the difference, in your judgment, in percentage, in supplying the equipment and the power stations of the Brooklyn City road to-day and what it was at the time the system was changed from horse power to electrical power? A. You mean, of course, so far as electrical apparatus is concerned?

Q. Entirely; that includes the dynamos and the motors and generators and car equipments, and all switch-boards and cut-outs and all those appliances? A. Of course, iron poles and the things on the street —

Q. That is not electrical appliances? A. It is, in one sense; it is put up solely for the electrical part of it.

Q. So would the wooden poles be? A. Yes.

Q. But you wouldn't furnish that? A. No.

Q. I want you to confine your answer to that part of the equipment which you would furnish, and that part of the power of the

plant that you would furnish? A. It would not cost over half to-day.

Q. It wouldn't cost over half as much? A. No, sir.

Q. Competition in that business is getting somewhat brisk? A. It has been brisk for some time.

Q. Does that have much to do with reducing the cost? A. Yes; it has particularly during the past year.

Q. And the art of producing the generators and motors and electrical appliances has very much advanced in four years? A. Very much.

Q. And the cost reduced, actual cost of production? A. Cost has very much reduced; surprisingly so.

Q. Are you quite familiar with the general character of the Brooklyn roads? A. I have ridden over many of them; yes.

Q. About what horse-power would be required to operate the 800 cars in the Brooklyn City lines? A. Of course, it would depend to a very large extent upon how much reserve power you want; when you have snow to detain you you have got abnormal demand for current, and if you want to be able to meet that condition and still have reserve it would take from 30 to 35 horse-power per car.

Q. Thirty to 35? A. Yes; it might be even greater than that.

Q. That would be 28,000 horse-power in the plant operating 800 cars at 35 horse-power per car; they have not got that, have they? A. No; I think not.

Q. They have not got half of it, have they? A. Yes; I think they must have for 800 cars.

Q. They have not got half that in the Brooklyn City plant, have they? A. I guess they have got 15,000 horse-power; I must say that I am not familiar, of course, with those details, except in a very general way.

Q. You are not familiar with the system of heating cars by electricity? A. Yes; I can't say I am quite familiar; I am familiar with the fact they have car motors, and I have ridden on cars supplied with them.

Q. Do you supply any of those? A. No; we do not make any motors.

Q. Are you able to give an opinion as to whether it is practical to heat cars in that manner? A. It is.

Q. Can you tell the cost of producing one horse-power in electricity? A. No; I can not.

Q. That is, I suppose, it would vary? A. It would vary tremendously; vary with whether you got it from coal or water-power; vary with the size of your engine.

Q. The size of your engine would not cut any figure? A. Yes; very materially; you take a 2,000 horse-power station, two big engines, and the cost per horse-power will be a great deal less than in a small station; you take a condensing plant it will be a great deal less than a non-condensing plant.

Q. Can you tell about what it would cost; take a line like the Brooklyn City line, which is one of the largest in the State? A. I think it is the largest in the State.

Q. There is a system of street railways, and I would like to have you, if you can do so, state about what it would cost per car to heat them by electricity? A. I can not give you any idea at all.

Q. If you can state what it would cost per horse-power? A. I never have made any measurement, or do not recall of reading of any measurement as to the amount of power consumed by those motors.

Q. I think it is generally understood it takes about two horse-power to properly heat a car? A. I do not know; I should think that it would not be far from that.

Q. Mr. Lewis has so testified, and I understand it from others, that it takes about two horse-power to heat a car in cold weather; not on the average; so, if you can give us about what that electricity would cost in a plant of this character we could determine the cost of heating a car by electricity? A. I could not give you that; I should think the best way to arrive at that would be to take the total cost; I suppose the Brooklyn City road have their figures divided into the cost of their power station.

Q. I don't know but they have; I have not seen it. A. I have seen that on several roads.

Q. Mr. Griffin, you were subpoenaed to produce your books in connection with the sales of materials to the Brooklyn Heights Railroad Company? A. Yes.

Q. Did you bring them with you? A. I did not; no, sir.

Q. Why not? A. For two reasons; in the first place I was subpoenaed yesterday morning at my house, up in the country; I got down to my office in Schenectady after 9, and I had to leave there a little after 12 to come here, and I wouldn't have had time to get them in time to catch the train; I am not custodian of the books myself, and I spoke to the officer who has charge under the by-laws, and he said he did not feel authorized to come down or deliver them to me.

Q. Who is that? A. The treasurer of the Thompson-Houston Company, and the second vice-president of the General Electric Company.

Q. What was his name? A. Mr. Darling.

Q. His first name? A. Henry W. Darling.

Q. And he resides where? A. In Albany.

Q. And he is custodian of all the books showing all the sales to the Brooklyn City Railroad Company? A. No, sir; Thompson-Houston Company; custodian of the General Electric Company is Joseph P. Ord.

Q. Where does he live? A. In Albany.

Q. Where are the books kept? A. In Schenectady; if you will pardon the suggestion, if it would be possible to examine the books there it would save us a great deal; it just absolutely destroys our business for the time being to take our books away from there.

By Mr. Nixon:

Q. The committee would be perfectly willing to send a man there. A. I should think so; I think it is a matter that counsel and the board of directors should determine.

Q. Who is the attorney for your company? A. Mr. F. B. Fish

is the general attorney of our company; our president, Mr. Thompson, lives in Boston; I don't see why there should be any objection to having the books subjected to an examination; as I say, of course, I feel that is a matter that I can not speak of absolutely concerning.

Q. No; I appreciate your position.

By Mr. Wade:

Q. The committee has signified a desire to postpone; in view of some business that it is to transact this afternoon, it is to take a recess until morning; will you be here in the morning? A. Yes.

Q. I do not know for certain that we will want to ask you much more, but I do not want to say that I am through; I do not know but I may want to ask you something more; I do not like to inconvenience you, gentlemen.

Recess until Saturday, July 20, 1895, 10 a. m.

Saturday, July 20th. The committee take a recess, subject to the call of the chair.

Pursuant to adjournment, the committee convened at the Chambers of the Common Council, in the city of Brooklyn, New York, Monday, August 5, 1895, at 10 a. m.

Frederick Strauss, called and sworn, testified:

By Mr. Wade:

Q. You reside in Brooklyn? A. No, sir; New York.

Q. And you are engaged in business where? A. With J. & W. Seligman & Co., bankers.

Q. Where is their place of business? A. Mills building.

Q. Are you a member of that firm? A. No, sir; I am with them, in their employ.

Q. In what capacity do you act with them? A. I have charge of the syndicates and matters of that kind; somewhat, you might say, in a confidential capacity.

Q. Just give me that firm's name, please? A. J. & W. Seligman & Co.

Q. And how long have you been engaged with J. & W. Seligman & Co. in that capacity? A. In that capacity for about five years.

Q. And prior to that time were you in some other capacity connected with them? A. Yes, sir.

Q. What was your relation at that time; what position? A. I entered the employ of the firm 10 years ago as coupon clerk, and gradually occupied different positions until I obtained the present one.

Q. Were you connected with that firm at the time they became interested in the Atlantic Avenue Railroad in Brooklyn? A. Yes, sir.

Q. And when was that; about when? A. I think it was in the beginning of 1893, or the end of 1892.

Q. The last of 1892 or the first of 1893? A. I think that was the time.

Q. At that time was that road in existence? A. Yes, sir.

Q. The company in existence? A. Yes, sir.

Q. And had been for about how long, do you know? A. That I could not say; for many years.

Q. And it was operating what line of road? A. It was operating, so far as I understand, about 40 miles of horse line in the city of Brooklyn, practically the same lines as they exist to-day.

Q. Was that the first you had anything to do with the Atlantic Avenue road? A. Yes, sir.

Q. And had you any knowledge of the road or the operations of the company prior to that time? A. Not at all.

Q. And at that time it was operating entirely by horse power? A. I believe so; if there were any electric lines they were very few.

Q. Who was the president of the company at the time? A. The late Mr. Richardson.

Q. And who has been since then? A. Mr. Benjamin Norton was president until Harvey M. Littell was elected president.

Q. How do you spell Littell? A. L-i-t-t-e-l-l.

Q. Have you been connected with the road since the fall of 1892, or early part of 1893? A. No, sir; my connection began in April, 1894, when I was elected a director of the road; prior to that time I was neither director nor officer of the company; about April, you had better say, I don't remember the exact date.

Q. At the time Seligman & Co. became interested in this road, in the fall of 1892 or 1893, was the time when they had in contemplation the electrifying of the entire system? A. Yes, sir.

Q. And was that the occasion of their taking hold of it and becoming interested in it? A. Yes, sir.

Q. Had they any interest prior to that? A. None at all.

Q. Do you know what the capital stock of the company was prior to that time? A. I know what it was at the time.

Q. What was it at the time? A. About 24,000 shares of stock.

Q. One hundred-dollar shares? A. Fifty dollars par value.

Q. Twenty-four thousand shares? A. About 24,000 shares.

Q. Of \$50 each, \$1,200; and at that time was its capital stock increased? A. Not at the time; subsequently the capital stock was increased to \$2,000,000.

Q. Does it stand there yet? A. Yes, sir.

Q. How did Seligman & Co. become connected with this road? A. I do not quite understand the question.

Q. Did they enter into some contract for furnishing money with which to change the method of operation? A. No; Seligman & Co. were interested in the Brooklyn Traction Company which had been formed to acquire the Atlantic Avenue Company; that was the beginning of their connection with the Atlantic Avenue.

Q. That was formed when? A. About the same time.

Q. It did acquire the capital stock of the Atlantic Avenue? A. It did.

Q. The capital stock of the Brooklyn Traction is what? A. Three millions preferred stock and \$6,000,000 common.

Q. Did the Brooklyn Traction Company itself acquire any road, or build any road? A. The Brooklyn Traction Company fur-

nished in part or in whole, the money for the equipping of the Atlantic Avenue with electricity.

Q. I know; but did it of itself build any other road, or acquire any other road? A. Yes; the Brooklyn, Bath and West End Railroad.

Q. How? A. By purchase.

Q. By purchasing its stock or purchasing the road? A. No; merely by purchasing the stock.

Q. The Brooklyn, Bath and West End? A. Yes, sir.

Q. How much road was there there; how much trackage? A. I think about sixteen miles.

Q. What was its capital stock? A. At the time of the purchase?

Q. Yes. A. I think some over \$500,000.

Q. Can you give us the amount? A. No; I can not say exactly; of course the records will show; I think somewhere in excess of \$500,000; I believe \$550,000.

Q. Or about that? A. About that.

Q. Was it subsequently increased? A. Yes; subsequently increased to \$1,000,000, at which it stands to-day.

Q. Was the purchase of the stock of the Brooklyn, Bath and West End Railroad in contemplation at the time of the organization of the Brooklyn Traction Company? A. I don't know whether it was at the time; I don't think it was; but shortly after it was done.

Q. Was the purchase of the stock of the Atlantic Avenue Company contemplated at the time of the organization of the Brooklyn Traction Company? A. Yes; it was.

Q. And that was the purpose of its organization? A. Yes.

Q. What was the indebtedness of the Atlantic Avenue line at the time the Brooklyn Traction Company purchased the stock? A. I think it was about \$3,000,000; yes, it was \$3,000,000.

Q. Of what did that consist? A. A number of underlying issues of old roads.

Q. Of different series? A. Different series, and an issue of consolidated bonds of which a certain amount were outstanding, and

resting in the hands of the trustees to take up the underlying issues as they might mature.

Q. What was the amount of the consolidated bonds? A. Three million dollars.

Q. That was intended to take the place of all the others? A. Yes, as they might mature.

Q. Was the \$3,000,000 sufficient to take up those underlying bonds? A. Yes.

Q. Has that bonded indebtedness been increased since then? A. Yes; about \$1,500,000 of improvement bonds.

Q. What was the indebtedness of the Brooklyn, Bath and West End Railroad Company at the time of the purchase of the stock of that company by the Brooklyn Traction Company? A. I believe \$600,000 in bonds; from \$550,000 to \$600,000.

Q. And was that increased? A. Yes; the bonded debt is now \$1,000,000.

Q. Are those roads operated by the respective companies, viz.: The Atlantic Avenue Company and the Brooklyn, Bath and West End Railroad Company, at the present time? A. You mean whether the organization of those two companies is kept up, whether its officers run its road?

Q. Yes, sir? A. Yes, sir.

Q. And the Brooklyn Traction Company simply stands in the relation of a stockholder? A. Yes; I think that is about all; it has in times past acted in another capacity; it has loaned money to the two companies in the process of construction, but its relation at the present time is simply of a stockholder.

Q. That would not change the relation, only becoming a creditor. A. That is all.

Q. Has the capital stock of the Brooklyn, Bath and West End road been increased? A. Yes, sir.

Q. How much? A. It is now \$1,000,000.

Q. And the Brooklyn Traction Company owns that stock? A. No, sir.

Q. Who owns that stock? A. The Atlantic Avenue Railroad owns it to-day, all but a few shares.

Q. When did the Brooklyn Traction Company transfer that to the Atlantic Avenue Company? A. Some years ago; I don't know whether it was a year and a half ago or a little longer.

Q. Then, as the three companies stand to-day, the stock of the Brooklyn, Bath and West End Railroad Company is owned by the Atlantic Avenue Railroad Company? A. The larger portion of it; almost all.

Q. I suppose what is held by individuals is just sufficient to qualify them to act as directors? A. No; I believe there is a few shares; an immaterial amount.

Q. It owns substantially all of it? A. Yes, sir.

Q. And the stock of the Atlantic Avenue Company is all owned by the Brooklyn Traction Company? A. Yes, sir.

Q. Has the stock of the Atlantic Avenue been increased since it was purchased by the Traction Company? A. Yes, sir; it was increased from about \$1,200,000 to exactly \$2,000,000.

Q. So that increase consisted of \$800,000 stock, substantially? A. Yes, sir.

Q. And the increase of the Brooklyn, Bath and West End from \$450,000 to \$500,000? A. Yes, sir.

Q. From \$400,000 to \$450,000? A. Yes.

Q. And the bonded indebtedness of the Atlantic Avenue has been increased how much? A. One million five hundred thousand dollars.

Q. And the bonded indebtedness of the Brooklyn, Bath and West End, \$800,000? A. Oh, no; about \$400,000 or \$450,000; bonds and stocks are alike; they were increased the same amount I testified earlier.

Q. Did you have charge of this matter for Seligman & Co.? A. Do you mean sole charge?

Q. I mean such charge that you know just exactly their connection with it and their transactions in reference to it? A. I think I do.

Q. And were you connected with it in such a manner as to know the transaction by which the capital stock of each of these com-

panies were acquired by the Brooklyn Traction Company? A. I think I know.

Q. And the method by which the stock of these two companies was increased? A. I don't know about that; it is possible I knew it at the time; very likely; but I doubt whether I could testify with exactness; but the records of the company, of course, have all those transactions spread out on them; I will give such answers as I remember if you will ask them.

Q. I do not care to inquire about matters you have no knowledge of. A. I do not say that; I say I probably could not answer in detail these questions.

Q. At the time of the organization of the Traction Company were you acting for Seligman & Company in reference to that matter? A. Yes, sir.

Q. The capital stock of that was actually subscribed for, was subscribed for by whom? A. I do not exactly understand the question.

Q. There were certain persons who were elected directors of the company at the time of the organization of the Brooklyn Traction Company? A. Yes, sir.

Q. And they were substantially all employes of Seligman & Company? A. A number of them.

Q. Except those that were in West Virginia; where was that organized? A. Under the laws of the State of New York.

Q. I have got that confused with the Long Island Traction Company; you are organized under the laws of the State of New York? A. Yes; we are right at home.

Q. The money that was furnished to take the capital stock of that company was furnished by whom? A. The stock of the Brooklyn Traction Company?

Q. Yes. A. By a number of individuals or syndicates.

Q. Who were the individuals who furnished the money to pay for the stock? A. J. & W. Seligman, New York, and E. W. Clark & Company, of Philadelphia, and some Philadelphia institutions, and, I believe, a number of New York banking firms; I don't remember exactly.

Q. Subscribed to the capital stock? A. Yes, sir.

Q. To what extent did Seligman & Company become stockholders at the time of the organization? A. What amount?

Q. Yes. A. I couldn't say that definitely, without referring to the books.

Q. Could you state about the amount? A. I think \$500,000, or in that neighborhood; I think they probably subscribed to that amount.

Q. What proportion of that was preferred and what proportion was common? A. For the \$500,000 they probably received \$500,000 of the preferred stock, and fully \$500,000 common; probably somewhat in excess.

Q. How did they acquire that stock? A. Which stock?

Q. Either. A. The Atlantic avenue?

Q. The Brooklyn Traction Company? A. How they acquired it?

Q. No; how did Seligman & Company acquire stock in the Brooklyn Traction Company? A. They acquired stock of the Brooklyn Traction Company; they and others acquired stock by a sale to the Brooklyn Traction Company of the Atlantic Avenue stock, which they held.

Q. Then the stock of the Atlantic Avenue Company was first purchased by individuals or firms? A. Yes, sir.

Q. And by those individuals or firms transferred to the Brooklyn Traction Company? A. Yes, sir.

Q. Now, the purchase of the Atlantic Avenue stock was the purchase of \$1,500,000? A. Yes, sir.

Q. At what price was that purchased by the individuals or firms who purchased it, or corporations, and who subsequently sold it to the Brooklyn Traction Company? A. I should say about \$3,000,000 to \$3,250,000.

Q. That would be something like paying \$2 for \$1? A. About \$2.50 for \$1.

Q. That is, \$1,200,000 of the capital stock of the Atlantic Avenue road was purchased at a cost of about \$3,000,000? A. Little over \$3,000,000.

Q. That was purchased of the individuals or parties who held it? A. Yes, sir.

Q. And paid for in cash at about two and one-half for one? A. About that.

Q. Then by those individuals that was transferred to the Brooklyn Traction Company? A. Yes, sir.

Q. And was the transfer of that stock to the Brooklyn Traction Company substantially the only consideration for the capital stock of the Brooklyn Traction Company? A. Yes, sir.

Q. I suppose in the purchase of the Atlantic Avenue stock they paid the market price for it? A. I don't know what the market price was; my impression is that most of the stock was owned by Mr. Richardson and his friends, and there was no market, perhaps.

Q. It was purchased at what was regarded its fair value? A. At that time.

Q. Three million dollars; and for this stock these people got \$9,000,000 of the Brooklyn Traction Company? A. Yes, sir.

Q. Was any money paid into the treasury of the Brooklyn Traction Company by people who acquired stock in that company at the time of its organization? A. If I am not mistaken the transaction was simply the sale of the Atlantic Avenue Railroad Company's stock to the Brooklyn Traction Company for \$3,000,000 of the preferred stock and \$6,000,000 of the common stock.

Q. Then there was no money paid into the treasury of the Brooklyn Traction Company for the issuing of the stock? A. No.

Q. And when that purchase had been completed the entire assets of the Brooklyn Traction Company consisted of the stock of the Atlantic Avenue Railroad which it had purchased? A. Yes, sir.

Q. Worth practically \$3,000,000? A. Yes, sir; somewhat in excess.

Q. How is that preferred stock issued; at what rate or per cent.? A. Six per cent.

Q. Now, when it purchased the stock of the Brooklyn, Bath and West End Railroad, which was \$500,000, did it make that purchase direct of the company or of individuals; the Atlantic Avenue

at some time purchased the stock of the Brooklyn, Bath and West End? A. They bought it from the Brooklyn Traction Company; the Atlantic Avenue Company owns it to-day.

Q. Prior to the time the Atlantic Avenue Railroad acquired that stock the Brooklyn Traction Company had acquired it? A. Yes, sir.

Q. How? A. By purchase.

Q. Of whom? A. Of the stockholders.

Q. Was not that first sold or bought in by individuals interested in the Brooklyn Traction Company as the other stock was in the Atlantic Avenue? A. No; it was not; it was not done in that way; I don't know; I don't think it was done in that way.

Q. How was the stock paid for? A. The Atlantic Avenue issued a certain amount of its stock, I believe, to pay for the stock of the Brooklyn, Bath and West End road; I think the increase of the stock of the Atlantic Avenue Railroad from \$1,200,000 to \$2,000,000 was for that purpose.

Q. I mean the Brooklyn Traction Company first acquired the stock of the Brooklyn, Bath and West End? A. Yes, sir.

Q. How did it acquire that? A. By purchase.

Q. How did it pay for it? A. Oh; it paid for it in cash.

Q. How did it obtain that money? A. I presume it borrowed it.

Q. It had no means of raising money? A. It must have borrowed it.

Q. How much? A. I couldn't say that; I have forgotten that.

Q. Do you know of any place where that information could be acquired? A. I should think the president of the Brooklyn Traction Company could give that information.

Q. Would you say the present president, or the one that held it four or five years? A. I say the president of the Brooklyn Traction Company.

Q. Who is that? A. J. P. Ilsey.

Q. Where is he? A. He has been president for some time; prior to that, vice-president; he succeeded the late Mr. E. E. Denniston.

Q. Did you have anything to do with that transaction? A. My impression is that we loaned the Brooklyn Traction Company some money for that purpose.

Q. Can you tell me about how much? A. No; I could not tell that without looking at the records.

Q. How long did the Brooklyn Traction Company own the stock of the Brooklyn, Bath and West End Railroad Company? A. Probably a year; not far from a year.

Q. And then transferred to the Atlantic Avenue Company? A. Yes, sir.

Q. Why was that transfer made? A. I believe the Brooklyn, Bath and West End Railroad was leased at the same time to the Atlantic Avenue Railroad, the object being to give the Atlantic Avenue Railroad through-connection with Coney Island; it was deemed desirable to have a Coney Island line.

Q. And for the purpose of making that connection the transfer of the stock was made to the Atlantic Avenue Company? A. Yes, sir.

Q. Why was that necessary if it had a lease? A. The lease was not made at that time, not until the stock had been acquired; I believe after the Atlantic Avenue acquired the West End stock the lease was made.

Q. All three are practically controlled by the same people? A. Yes, sir.

Q. Then the Atlantic Company is now operating both roads? A. The officers of the Brooklyn, Bath and West End are practically the same as Atlantic Avenue, but operating as a separate road.

Q. And still leasing the Atlantic Avenue? A. Perhaps I do not get the question.

Q. You say the Atlantic Avenue is now the lessee of the Brooklyn, Bath and West End? A. Yes, sir.

Q. For what purpose, if not to operate the road? A. Practically it is one system of road to-day.

Q. In what name is the Brooklyn, Bath and West End operated to-day? A. Its own name.

Q. Then it is operating its own road in its own name, the Brooklyn, Bath and West End? A. Yes, sir.

Q. What is the lessee doing? A. The officers of the Brooklyn, Bath and West End road are the same as the West End road; practically the two roads are run as one system, but I believe the two roads have separate officers.

Q. As a matter of fact, they run both roads? A. Yes, sir; it is one system.

Q. Supposing some contract is made to-day in the operation of the Brooklyn, Bath and West End Railroad Company, in the name of what company is it made? A. In the name of the Brooklyn, Bath and West End, I believe.

Q. Then the employes work for the Brooklyn, Bath and West End in the operation of that part of it? A. Yes, sir.

Q. And the Brooklyn, Bath and West End pay the operating expenses? A. Yes, sir.

Q. Just as they did before the lease? A. That is true, but I do not understand the point you wish me to answer.

Q. What does the lease amount to? A. The lease amounts to this; if the Brooklyn, Bath and West End Railroad was a separate organization, there would be no travel from the bridge to Coney Island; they would have to pay a larger fare, because two companies would practically collect; they run both roads as one railroad system after this lease and purchase was effected; why the organization is kept up in that way the legal advisers of the company can advise you; there has never been merger.

Q. Have you a copy of that lease? A. I have not here.

Q. Will you obtain one? A. The treasurer of the company has one, and can bring all the records when he appears before you, or I can direct him to.

Q. Has any money been put into either of these companies in electrifying the roads except what has been raised by the new issue of bonds or increased issue of bonds and obligations put out? A. Obligations of the company in one shape or another, or its earnings, and none other.

Q. So that the capital stock of the Brooklyn Traction Company

has practically cost no one anything? A. Why, no; I testified it cost at least all —

Q. No, they got the other stock; they got the stock of the Atlantic Avenue for that? A. Perhaps I did not get the question; will you repeat it, please.

Q. Your people paid \$3,000,000 for the capital stock of the Atlantic Avenue road? A. Yes, sir.

Q. Then they transferred that to a company of which they owned all the stock, or for all the stock? A. Yes, sir.

Q. Now, I say, the stock of the Brooklyn Traction Company has been issued practically without payment of any money? A. The total stock of the Brooklyn Traction Company? A. Yes, sir.

Q. Yes, sir. A. No, sir; the preferred and common stock were issued together for from three to three and a quarter million dollars; that was paid.

Q. Into the treasury of the Brooklyn Traction Company? A. No, sir; not in cash; they transferred stock worth that amount.

Q. Exactly; so that the promoters of that scheme acquired for the \$1,200,000 of the stock of the Atlantic Avenue Company, \$9,000,000 of the stock of the Brooklyn Traction Company. A. Yes, sir.

Recess until 2 p. m.

(Notice was given that the adjourned meeting would meet in the Surrogate's Court, in city of Brooklyn.)

AFTERNOON PROCEEDINGS.

Frederick Strauss, recalled, testified:

By Mr. Wade:

Q. Mr. Strauss, where are the the books of the Brooklyn Traction Company kept? A. Do you mean who makes the entries?

Q. Where are they kept? A. In charge of the treasurer of the company.

Q. Where is that? A. In Philadelphia at the present time; they are at times in New York but at present in Philadelphia.

Q. Is your general office in Philadelphia? A. The treasurer lives in Philadelphia, the assistant treasurer in New York, and president part of the time in Philadelphia.

Q. Where does the president reside? A. Philadelphia is his home.

Q. Where is the office of that company? A. The transfer office is in New York; the books and records in Philadelphia.

Q. What office in New York? A. Transfer office.

Q. What does that company do in that office? A. Transfer the stock.

Q. Have you any of the books of the company there aside from the stock ledger? A. I could not say; I believe not; Mr. Ilsley can inform you on that point, because he looks after the affairs of the Traction Company.

Q. Is he in the city to-day? A. I do not think so; I have not seen him, but I have not been at our office more than 15 minutes to-day.

Q. Where do you hold the directors' meetings of the company? A. I don't know; I am not a director of the Brooklyn Traction Company.

Q. Don't you know? A. I think they meet in New York; I am not sure of it.

Q. Now, Mr. Strauss, I want to go back to the lease of the Brooklyn, Bath and West End Railroad, to the Atlantic Avenue, and see if I understand you correctly as to how that road is being managed, the Brooklyn, Bath and West End; do the cars of one road run over the other, or do you transfer at the place where they meet? A. The cars of the Atlantic Avenue and of the West End Road, I believe, have not run over each others lines until quite recently, when, by reason of the abrogation of a contract which had existed between the West End and Elevated Railroad, such through travel became possible and now I believe the cars run through; this is a matter of only a few weeks, or months, at the most.

Q. Tell me when the West End Railroad was leased by the Atlantic Avenue? A. I don't know when; I think certainly over a year ago; I don't remember the exact time.

Q. What did the Atlantic Avenue do in connection with the operation of the Brooklyn, Bath and West End Railroad, after that lease; anything? A. I don't quite understand your point.

Q. The Atlantic Avenue Railroad became the lessee of the Brooklyn, Bath and West End? A.. Yes, sir.

Q. Did it do anything with the Brooklyn, Bath and West End after that lease different than it did before? A. Yes, sir.

Q. What? A. It operated it; the physical operation of the road is under the general management of the manager of the Atlantic Avenue Railway.

Q. I understood you this forenoon that the Brooklyn, Bath and West End road operated its own road? A. I drew the distinction and said the operating officers were practically the same.

Q. That may be; but when they are dealing in connection with the operation of the Brooklyn, Bath and West End road, do they act as officers or directors of that company? A. Who act?

Q. The officers? A. Of what; of the West End road?

Q. Yes, sir? A. Certainly.

Q. For instance, the president is the president of both companies? A. I can give you an illustration by reason of the abrogation of the contracts executed by the Brooklyn, Bath and West End through its officers acting through the Brooklyn, Bath and West End board.

Q. In the purchase for the Brooklyn, Bath and West End road, do the officers purchase them in the name of the Brooklyn, Bath and West End, or in the name of the lessee of the Atlantic Avenue? A. I don't know; the treasurer can tell you.

Q. You are a director of one company? A. In the Atlantic Avenue.

Q. Don't you know what the companies do? A. I do, but not every detail.

Q. Are you a director in both companies? A. No, sir; only in one.

Q. Do you ever have anything to do as director with the operation of the Brooklyn, Bath and West End road? A. Nothing with the operation, strictly, of either road; that is conducted by the general manager.

Q. Acting under the board of directors? A. As to the general policy.

Q. As to the general policy, do you have anything to do with the operations of the Atlantic Avenue Railroad, with the operations of the Brooklyn, Bath and West End Railroad? A. Pardon me a moment; not as a director; as one of the representatives of the Seligman's interests, who have large interests in the Brooklyn Traction Company, I am consulted about it, but officially I take no step as a director in the Atlantic Avenue Railroad; to supplement the answer, I believe the board has recommended the Brooklyn, Bath and West End board to take some action.

Q. That is, in an advisory capacity? A. Yes, sir.

Q. How is it, if your company is the lessee of the road, it does not operate it? A. I think it does operate it; the West End lease will show the exact terms on which the West End has been leased to the Atlantic Avenue; if the lease provides, as I believe it probably does, that the Atlantic Avenue shall operate the Brooklyn, Bath and West End road for its earnings, then the functions of the Brooklyn, Bath and West End board are very limited; they have practically nothing to do except such matters as leases or existing arrangements have been modified.

Q. As a director of the Atlantic Avenue road, you do not know whether that company, as a company, is actually operating the West End road? A. I think they do; I know the facts, I think, but the way your questions are framed I can not tell exactly what your idea of operation is.

Q. Running the road, buying supplies? A. Adopting the rules governing all those matters?

Q. Surely? A. Acting in his capacity as president of the Brooklyn, Bath and West End.

Q. By whose direction? A. By reason of the laws conferred on him by the company.

Q. Which company? A. Either road; as a matter of practice, there is no occasion for it; the same general ideas of policy govern.

Q. Very likely; supposing he is going to obligate someone for the payment of coal for the operation of the Brooklyn, Bath and West End Railroad, who will he obligate? A. I don't know whether, under their system, their supplies are purchased by the Atlantic Avenue road and rebilled, or whether got directly in the name of the Brooklyn, Bath and West End.

Q. Who is the president of the company? A. Mr. Harvey M. Littell.

Q. You told me before, but I had forgotten the name; does he reside in the city? A. He resides in Brooklyn.

Q. The interests which you have in the Atlantic Avenue line, is it substantial interest or merely nominal? A. Me, individually?

Q. Yes, sir. A. Not as representing the Seligmans.

Q. Individually, first? A. I have a very small interest at present in the Atlantic Avenue.

Q. Yes, sir. A. I have one share to qualify me as director.

Q. Do you hold that for the benefit of the Seligmans? A. I hold that under a trust agreement with the Brooklyn Traction Company; Seligman & Co. are parties to that agreement; practically an option.

Q. So that individually you have no interest in it? A. No; all the stock is owned by the Brooklyn Traction Company.

Q. All held outside of the Brooklyn Traction Company is held under a similar agreement? A. Yes, sir.

Q. You assumed that position as director of the Atlantic Avenue road as a representative of the Seligman interest? A. I hold the position of director in the Atlantic Avenue road as a representative of the Seligman interest and the Brooklyn Traction Company.

Q. Yes, sir. A. Yes, sir.

Q. How is Mr. Littell connected with the road; that is, is he a

stockholder in the Brooklyn Traction? A. Mr. Littell; do you mean how his connection began or his present status?

Q. His present status? A. At present he owns one share of stock in the Atlantic Avenue road.

Q. Of the Brooklyn Traction Company? A. Mr. Littell has an interest in the Brooklyn Traction Company; how large a one I don't know.

Q. He is a practical railroad man? A. Yes, sir; practical street railroad man is his subject.

Q. Were you a director of the Brooklyn Traction Company on its organization? A. I don't think I ever was; I should answer positively, only it is so long ago that I had rather put it that way.

Q. You had charge of what was done in the interest of the Seligmans, had you not? A. Among others, one of the firm; we have a number of members of the firm; in connection with a member of the firm, and myself, we looked after those interests.

Q. Did you consider at the time you exchanged nine millions of the stock of the Brooklyn Traction Company for \$1,200,000 of the stock of the Atlantic Avenue Railroad Company that you were paying for the stock of the Brooklyn Traction Company, as the law directs? A. I do not understand one part of the question, and that is, you are asking me now, apart from my capacity?

Q. You were not a director at that time? A. No; I became a director a year ago.

Q. You were connected with this as an employe of the Seligmans? A. Yes, sir.

Q. And as such you were their confidential man in connection with this business? A. Yes, sir.

Q. And took care of this transaction for them? A. Yes, sir.

Q. And you were a party to the exchange of nine millions of stock of the Brooklyn Traction Company; and I ask you if you consider that method of issuing the stock of the Long Island Traction Company and receiving what you did receive for it, the method which is authorized by law for putting out the stock of railroad companies? A. I never put it that way to myself; we acted ac-

cording to the advice of counsel, and I presume we acted according to law.

Q. You did not bother your head about that? A. No, sir.

Q. You put that as others advised you? A. Yes, sir.

Q. But you can readily see, Mr. Strauss, the \$1,200,000 of stock which was purchased from the stockholders of the Atlantic Avenue road were worth what was paid for them; that you contend, do you not? A. Whether it is worth that to-day?

Q. No; then? A. We believed it was worth it then.

Q. You believed it was worth that anyway? A. Certainly.

Q. And when it was transferred to the Brooklyn Traction Company by the same persons who took the stock of the Brooklyn Traction Company, it was virtually putting out the Brooklyn Traction Company's stock for nothing, was it not? A. I should not put it that way; I should say that the syndicate bought the stock for what they believed to be less than its value, and sold it to the Brooklyn Traction Company at the price they regarded it worth.

Q. They regarded the \$1,200,000 stock of the Atlantic Avenue Railroad Company as worth nine millions of dollars? A. They did not regard the fact of their taking control and buying it for three millions, as being worth nine millions; but electrifying the road—

Q. They expected to pay for electrifying the road? A. Certainly.

Q. They did not make that electrifying— A. But they supposed the property to enhance a great deal more than the money that they put in.

Q. If the stock of the Atlantic Avenue road, which was purchased for the \$3,000,000 dollars was worth no more than the \$3,000,000 at the time, the entire transaction would amount to issuing the stock of the Brooklyn Traction Company for nothing? A. It would be anticipating profits.

Q. Would it that very moment amount to this, substantially: Issuing and putting out the stock of the Brooklyn Traction Com-

pany for nothing? A. That depends largely on the way you put it.

Q. I put it now this way: Assuming that the stock was worth no more than \$3,000,000? A. Assuming that it was worth no more?

Q. Yes, sir. A. Then it would be equivalent to putting out \$6,000,000 for nothing.

Q. Equivalent to putting out \$9,000,000 for nothing? A. No, sir.

Q. Why not? A. Because the actual property; that is, the \$1,200,000 of the Atlantic Avenue stock having been bought by a syndicate for over \$3,000,000 and transferred to the Brooklyn Traction Company for \$3,000,000 preferred and \$6,000,000 of common stock, then only six would be represented as the stock.

Q. You owned all the purchase before, only what stood in the name of the company? A. I do not understand the point.

Q. Now, look here; that syndicate paid \$3,000,000? A. Yes, sir.

Q. We refer to it as \$3,000,000; that syndicate paid \$3,000,000 for Atlantic Avenue stock? A. Yes, sir.

Q. They then transferred that to a company? A. Yes, sir.

Q. For the entire issue of the stock of that company? A. Amounting to \$9,000,000.

Q. Yes; that is correct. A. Yes, sir.

Q. Now, those identical individuals owned the stock of the Brooklyn Traction Company and they virtually owned the stock of the Atlantic Avenue? A. No, sir; I see the point; I believe the Traction Company was organized with a small paid up capital, at first, \$10,000, \$15,000 or \$100,000; when it came to acquiring the Atlantic Avenue stock it increased its stock to \$9,000,000, using the \$9,000,000 to acquire an asset worth \$3,000,000, and issuing their issue, the \$9,000,000, all but a small amount, for the purpose of acquiring an asset; there would be only \$6,000,000 issued in the manner in which you state.

Q. I don't see as you have changed it at all; maybe I am thick-

headed about this; there stands to-day representing that \$3,000,000, \$1,200,000 of the Atlantic Avenue stock? A. Yes, sir.

Q. Which is worth the \$3,000,000? A. Very well.

Q. There stands the \$9,000,000 of the Traction Company? A. Issued to acquire \$3,000,000.

Q. They all stand right there; it has only taken \$3,000,000 to acquire the Atlantic Avenue and also the Traction Company's stock? A. No, sir.

Q. Where was the other money paid, and when? A. According to your way of putting it the syndicate could not have been reimbursed at all; how was the syndicate reimbursed for the \$3,000,000?

Q. I don't know. A. It is an impossible proposition.

Q. Supposing that you and I had gone and purchased that Atlantic Avenue stock for \$3,000,000? A. Yes, sir.

Q. We had taken a company which we had organized called the Brooklyn Traction Company, with a capital stock of \$9,000,000 stock unissued? A. Very well.

Q. We, as individuals, transfer the stock of the Atlantic Avenue road which we have purchased, to the Traction Company, of which we were the officers? A. Yes, sir.

Q. And received, as individuals, the Traction Company's stock of \$9,000,000? A. Very well.

Q. Is it not a fact, under the transaction, that all the money that has been paid to acquire the \$1,200,000 of Atlantic Avenue stock to put into \$9,000,000 of the Traction stock? A. The Atlantic Avenue stock they paid \$3,000,000 for; they sold the possession of the same as if you and I bought it, for \$3,000,000, and exchanged that \$3,000,000 for the \$9,000,000, which would make the difference between nine and three, which is six.

Q. But if we sold it to our own company for the stock and the stock we received from our own company was three times the amount of what the stock was worth that we transferred to it, would you consider that a transaction within the laws governing corporations? A. I don't know anything about the laws; I am not a lawyer; I was trying to show there was \$9,000,000 issued with no value, assuming that the stock was only worth \$3,000,000; as-

suming the stock was only worth \$3,000,000, only \$6,000,000 of stock was so issued.

Q. You did not understand, did you, at the time of that transaction, that the Atlantic Avenue stock was worth between 700 and 800 cents on a dollar? A. At the time; no, sir.

Q. How soon after that transaction was the capital stock of the Atlantic Avenue Railroad increased? A. I don't know exactly.

Q. About how soon? A. Probably considerable after a year, I think.

Q. Then it must have been since you were a director? A. No, sir; before I became a director; I believe, if I am not mistaken; of course, these matters can be shown from the record; I believe it was a few months earlier; I remember I was not elected until late in the spring.

Q. That was increased, then, \$800,000? A. Yes, sir.

Q. How was that increased stock paid for? A. I don't know how that was paid for; it may have been issued in exchange for the Brooklyn, Bath and West End stock, but I am not quite sure of that.

Q. Who owns it now? A. The Brooklyn Traction Company.

Q. What is it worth now? A. In the market?

Q. Yes, sir. A. Seeing that all the stock is owned by the Brooklyn Traction Company there is no quotation.

Q. You have some idea of its value? A. The only idea would be judging by its earning capacity.

Q. Yes. A. During the last six months the company has not earned its fixed charges, by reason of the strikes and ordinances passed regulating the speed and other matters; the stock is worth less than the previous six months, during which the time the Atlantic Avenue Company earned about \$90,000 over its fixed charges; so you see it is difficult to estimate its present value.

Q. Do you think the city has legislated away much of its value, by reason of resolutions? A. I believe the property has lost a great deal of its value by reason of the ordinances passed.

Q. You are a director of that company; what do you regard its

capital stock worth? A. Under existing conditions as they are to-day?

Q. Yes; exactly. A. Not earning its fixed charges?

Q. You know the conditions. A. You asked me as it is to-day.

Q. Yes; exactly. A. As it is to-day it is impossible for me to say; it will depend on the management; Mr. Littell is an experienced street railroad man, which his predecessor was not.

Q. Take all those things into consideration and answer. A. I don't think I could possibly answer.

Q. Do you think it is worth par? A. The \$2,000,000 of stock?

Q. Yes, sir? A. I do not think any one would give par for it to-day; it might be worth it.

Q. Would you? A. As the company exists with all its franchises as they exist, without taking into consideration the future; and what will be done by the city council removing —

Q. Surrounded by all the flattering hopes you wish? A. That is a difficult question; I think it is worth fully \$2,000,000; I think it is worth that.

Q. Do you know whether any money was paid into the treasury of the Atlantic Avenue for the increase of its capital stock of \$800,000? A. I do not know whether that was done or not.

Q. Who do you think would be likely to know it? A. I think the treasurer of the company.

Q. That is whom? A. Mr. Benjamin Frick; it may be that was done before Mr. Frick's tenure of office; his predecessor was Mr. Richardson, who recently died; I think Mr. Frick could tell from the record.

Q. Mr. Richardson was the president? A. There was two Richardsons; the father was president, and the son was treasurer.

Q. They are both dead? A. Yes, sir.

Q. As a director of the company, have you never made any inquiry as to how that stock was paid for? A. I have never looked much into the past history of the company; I acted on such matters as came before the board during my incumbency and directorship.

Q. Did the same persons originally acquire the stock of the

Brooklyn, Bath and West End road who acquired the stock of the Atlantic Avenue? A. Some of the people.

Q. Substantially the same people? A. Messrs. Clark and Seligman had an interest in it, I believe, but the others I do not know.

Q. What did they pay for that stock? A. I testified I knew very little of that transaction; Mr. Ilsley can testify.

Q. Do you know whether they paid anything or not? A. Oh, yes; they paid a considerable sum; I couldn't say from memory how much it was.

Q. Was there ever any money realized, actual cash, paid into the treasury of either of these companies, on the increase of its capital stock? A. The Atlantic Avenue or the Brooklyn, Bath and West End?

Q. Yes; both? A. Whether increased for cash or property?

Q. How was that? A. I believe the stock was increased to acquire property, but I don't know whether it was issued to acquire cash.

Q. What property? A. I think the Atlantic Avenue stock was increased to acquire the Brooklyn, Bath and West End stock, in part; that is merely a matter of memory.

Q. What was the West End stock increased for? A. I don't know; I don't even know when that stock was increased; that was one of the matters that Mr. Ilsley could tell you more about when you come to examine him.

Q. He is in Pennsylvania? A. He will come here any time you want him.

Q. Will you have him come here to-morrow morning? A. I can not control him.

Q. Or Wednesday morning? A. Possibly he is away; he told me he was going to Chicago, but I will try and reach him.

Q. Is the treasurer of the Atlantic Avenue here? A. All of the officers of the Atlantic Avenue Company live in Brooklyn; only the president and treasurer of the Long Island Traction Company reside in Philadelphia, and that is purely an accident; the books will be sent on whenever you want them; the reason

that the books are to-day in Philadelphia is because Clark & Company had the largest interest, and at the time of the organization the books went over there after the various entries were made, and have since been kept there; there is no reason why they should not be here.

Q. The stock book is here? A. Yes, sir.

Q. Because the statute requires it? A. No; the principal shareholders live in New York; formerly it was in Philadelphia.

Q. Has that company any office located in New York or Brooklyn, or is it on wheels? A. I don't know where it is located.

Q. Or does it just have some place they call their office, which is, in fact, the office of some other concern? A. I do not know how to answer.

Q. Where is the office in New York? A. The assistant treasurer can be reached at the office of J. & W. Seligman & Company.

Q. That is what I am getting at. A. The books of entry, the mortgages and the records generally of the company are in E. W. Clark & Company's office in Philadelphia.

Q. If that company has got an office in Brooklyn or New York, where is it? A. I believe the Long Island Traction Company has an office at the Atlantic Avenue Railroad Company's office; I believe I have seen the sign of the Traction Company there.

Q. You are a director of the Atlantic Avenue? A. Yes, sir.

Q. You ought to be familiar whether another company is tenant there? A. I don't know what records they keep there.

Q. Does its office within the city of New York consist principally of that sign? A. I can explain.

Q. Go on. A. I want to give you the information; in the first place the offices of the company at present has only one thing to do, and that is, exchange stock; the Traction Company has received no return on its property and no dividends, and since these transactions have taken place the Long Island Traction Company has done nothing except Mr. Ilsley had advised as to the proper management of the road; that being the case, if you ask where the transfer books are, I tell you they are at the office

of the assistant secretary, whose office is with J. & W. Seligman & Company; and if you ask for anything else but the stock book it is with Ford Stevens, with Clark & Company.

Q. It has no other office than that? A. No; they have no sign but "Office of the Brooklyn Traction Company," at the Brooklyn Company's place.

Q. Any furniture there? A. No; the only object was that Mr. Ilsley could be reached, I believe; the principal office is the Seligman's office, and books of account in E. W. Clark & Company's office; that is, the office of the company who makes their headquarters at these offices.

Q. Has the organization of the Brooklyn Traction Company and the scheme which its promoters had in mind proved successful? A. No, sir.

Q. You have had considerable experience with corporations, have you not, and their management? A. Some experience.

Q. And their organization? A. Yes, sir.

Q. Do you think it is wise for the law to permit a railroad company to be organized solely for the purpose of acquiring the stock of other roads? A. Before answering the question I want to say one thing; you spoke of a railroad?

Q. I mean a surface street railroad. A. This Brooklyn Traction Company is not a railroad.

Q. What is it? A. It is organized as an industrial concern, a trust, a company simply organized for the purpose of controlling other companies.

Q. You had it organized under the Railroad Law, did you not? A. I do not think we did.

Q. You organized under the Business Law, under the law authorizing the organization of business corporations? A. I believe that is the act.

Q. Do you think it wise for the statute to permit a business organization to become the owners of the stock of a railroad?

A. That is a difficult question to answer.

Q. I am talking about a plain business proposition? A. I

understand; I can understand under some circumstances it would be wise not to prohibit it.

Q. Do you consider it wise to permit the organization of a business corporation for the sole purpose of acquiring the stock of railroads? A. I can not at the moment see that there could be any harm come of it.

Q. Have you ever known one to prove successful? A. Judging from the experience from Brooklyn within the last few years I should say not.

Q. Have you known anything about such concerns outside of Brooklyn? A. The Metropolitan Traction Company, of New York, seems to be a prosperous company, a company organized in a similar manner, a much larger corporation, owning more lines.

Q. You think that has proven successful, do you? A. I think it has proven successful; I am a resident of New York, and I think we can be transferred from one end of New York to the other less than ever before, and the service is better.

Q. Supposing you and I owned the stock of the street railroad company, can you see any possible advantage it would be to us, in conducting that business, to organize another company and transfer the stock of our railroad corporation to that business corporation for its stock? A. Any advantage to ourselves?

Q. Yes, sir. A. I think I can.

Q. What? A. Supposing the railroad company to be a paying company; supposing it to be paying dividends at the rate of 8 or 10 per cent. per annum, and a company of the kind you mentioned started out to acquire the stock of that company, it might issue its stock, and whatever the amount thus representing its market value instead of par value of the other corporation, it might, people looking for a 5 per cent. investment here, pay par for its stock instead of paying 200 for a 10 per cent. stock; that might be one way; then it might be done to keep all the stock in this railroad company in such shape that the management would rest with ourselves entirely.

Q. It is there before we do that? A. I beg your pardon; I was going to say even though we sold a part of it.

Q. We would be in the same situation, would we not? A. No; I think not entirely.

Q. What? A. I think the case is somewhat different; you are putting a hypothetical question; I might answer more at length on further consideration.

Q. You only give us a benefit there in the event of our wanting to dispose of our stock? A. You can never tell whether you want to or not; you put it in such shape you can, and the stock is worth more.

Q. You think a stock paying 5 per cent. dividends would probably be worth par? A. I have assumed that; yes, sir.

Q. That is true, is it not? A. I think so.

Q. A stock that pays 10 per cent. dividend must be worth 200 cents on a dollar? A. It might not be.

Q. Your idea is there is a possible benefit by inflating the amount of stock? A. Not inflating it; whether you pay 5 per cent. on \$2,000,000 or 10 per cent. on \$1,000,000, so far as the profit is concerned, it is the same; instead of the market value being represented by a market value of 200 it is represented by 100; we authorize the issue.

Q. By this little scheme that you got up here and set in motion you have actually taken over 200 cents on the dollar, or nearly 200 cents on the dollar, off from the Atlantic Avenue stock, have you not? A. I do not quite catch your question.

Q. In the fall of 1892, or early part of 1893, this stock was purchased by the syndicate you have spoken of for something over 250 cents on the dollar? A. Yes, sir.

Q. That was with this scheme in view; am I right about that? A. Yes, sir.

Q. Now, you went on and organized your Traction Company and it acquired the stock of the Atlantic Avenue as contemplated, and you proposed to electrify the road, and having gotten it done and in operation; your Atlantic Avenue stock is not, in your judg-

ment, worth more than par? A. I did not say it was not worth more; I said it was worth that.

Q. Do you believe you could sell it at par to-day? A. No, sir.

Q. In the fall of 1892, it was a ready sale at 250, was it not?

A. That I do not know; I can not say what the market price was for shares.

Q. Did it sell for that; you, at the time, thought it was worth a good deal more than the purchase price? A. That is true.

Q. What? A. Yes, sir.

Q. How much more? A. That is a question difficult to answer; worth considerable more.

Q. Do you know that was worth enough so that in putting out \$9,000,000 of the stock of the Traction Company for it you would be paying fairly well for the Traction Company's stock? A. Yes, sir.

Q. Towards par? A. I don't say that; I will say fairly for it; you put it, by the way, fairly well for it.

Q. What is paying fairly well; 30 cents on a dollar would not be far away, when the statute requires it to pay a thing in cash or its property at par value? A. It is hard to say what the stock might be worth; I believe that everybody then thought that trolley roads could be operated in Brooklyn cheaper than the facts have shown; and it was at a time when people had not had experience of the recent panic, and values were looked on as more than we looked for to-day; when we compare the market value then and now there are many conditions that do not make property worth less; I mean, for instance, the general condition of the country.

Q. Now, Mr. Strauss, take your own situation here, and when I say your own I mean that of these three companies; the stock of the Bath and West End Railroad is owned by the Atlantic Avenue? A. Yes, sir.

Q. The stock of the Atlantic Avenue is owned by the Traction Company, and the Traction Company is the lessee of the West End? A. Of the Atlantic Avenue.

Q. Or the Atlantic Avenue is the lessee of the West End; now,

don't you think that is a little too much of a wheel within a wheel to run successfully? A. As a matter of fact, the Traction Company has not made any money out of it; whether that is the fault of the mechanism or the management of the property, or of the local conditions, is hard to say; perhaps all of them.

Q. About what is the indebtedness of the Traction Company to-day? A. I do not think it has any; it may have for current expenses.

Q. I thought you borrowed some money? A. All that has been repaid by the sale of the bonds mentioned; the Traction Company temporarily advanced the money.

Q. Then all cost of electrifying both roads has been paid by the bonds issued by the Brooklyn, Bath and West End? A. Bonds and stock.

Q. And other obligations put out? A. Yes, sir.

Q. And has anything been realized from the increased stock; any money been realized on the increase on the capital stock of either of those companies, to aid in reconstruction; the Brooklyn, Bath and West End or the Atlantic Avenue, I mean? A. Yes, sir; I believe the stock and bonds; I can not say from memory just how they were issued, but I believe both the bonds and stock of the Atlantic Avenue and West End represent the increased cost of equipping the road for the trolley.

Q. A few minutes ago you said the increase of the stock of the Atlantic Avenue was for the purpose of acquiring the West End? A. I should have said it was for equipping the road, and acquiring that stock.

Q. They increased the Atlantic stock 800 per cent.? A. Yes, sir.

Q. Didn't it use all of that to acquire the stock of the West End? A. I believe so; the records will show.

Q. That record is where it can be had? A. Yes, sir; both records are where they can be had; the books are at the corner of Third and Atlantic avenues, in the custody of the treasurer, I believe.

Q. Can you tell me the name of some person who took part in

that negotiation who would be likely to know? A. The person who knew most about that transaction, who originated it, I believe, the scheme, and advised the steps of reorganization, and all this, is dead, Edward E. Denniston, a former brother-in-law I believe, next to him, Mr. Ilsey knows as much about it as any one; close friend of his and a brother-in-law.

Q. As a director of the Atlantic Avenue Railroad Company, are you willing to say to the committee that they can put an accountant on the books there and ascertain these facts? A. You are asking me to speak as an individual director; I could not speak for the board.

Q. I want to know if you grant permission to do that? A. I have not authority to do that; I have no doubt the board will do so, Mr. Reed and General Tracy and others; I have no doubt they will readily grant that permission.

Q. Could you acquire that information for us in such a way that you can testify to it, two or three propositions; for what was the capital stock of the West End Railroad increased? A. I believe I could do it by taking sufficient time.

Q. I did not know but some one could tell you. A. I think Mr. Frick, from examination of the record could do so; I believe it was regularly reported to the Railroad Commissioners, and is probably on the official records now; I might add, Mr. Frick was here this morning and waited several mornings.

Q. Will he be here to-morrow morning? A. If he is ordered he will; Mr. Ilsey was also here this morning.

Q. Now, did either of the Seligmans take any part personally in the negotiations? A. Between whom?

Q. That related to the organization of the company, the Brooklyn Traction Company, or was it done by them through you? A. I did not represent our firm in this transaction entirely; of course, there are several persons in the house were familiar with what we were doing, otherwise they would not put their money in to it; I do not believe they could testify to anything but I have testified to here; it was with that object that Mr. Henry Seligman sent

me here as his representative, thinking I would remember more about it than he.

Q. Did you tell me the amount of stock the Seligmans acquired in the Brooklyn Traction Company? A. I did, but it was merely a wild guess; I could not show they had a very large interest in it.

Q. Mr. Seligman would know that, wouldn't he? A. If he examined it first.

Q. Was that stock of the Brooklyn Traction Company a portion of it, sold by the Seligmans later? A. Whether they sold any of their holding?

Q. Yes, sir. A. They disposed of some of it at the time or shortly after.

Q. Which, the preferred or common? A. Both.

Q. Do you remember at what price? A. Different prices.

Q. How high did that stock sell at, the highest you know? A. I think the common stock was sold not above 36; perhaps a little lower; somewhere between 33 and 36 was the highest point it ever touched; and the preferred sold between 80 and 90, I think; 85, I think.

Q. How long after the purchase of the Atlantic Avenue stock before the purchase of the Brooklyn, Bath and West End stock was made? A. I could not say definitely; several months; perhaps six months.

Q. Six months later; it was not a part of the original idea to purchase the West End stock as I understood? A. I don't think that that was a part of the original idea; I do believe that Mr. Denniston always had in mind some Coney Island outlet.

Q. But whether it was to construct or buy one you do not know? A. I do not know; possibly to make traffic arrangements with existing lines; I do not remember.

Q. How did they pay for that stock of the Brooklyn, Bath and West; how did the Long Island Traction Company? A. The Long Island Traction Company borrowed money.

Q. For that purpose? A. Among others; the Traction Company at different times since its existence, had very large loans.

Q. How much money did it pay for that stock? A. I testified before I could not say from memory; Mr. Ilsley could inform you.

Q. You do not know what it got for it when it sold it? A. No, sir, I do not; I think I can give you the reason why, if you care to know.

Q. Now, Mr. Strauss, will you have means of communication with Mr. Ilsley and this treasurer this afternoon? A. I could telegraph; I doubt whether it would reach them at their office in Philadelphia in the summer time; I think Mr. Ilsley is in Chicago, but if I can telegraph from here I will; I think you have a blank there.

Q. There are some of those matters that you do not recall sufficiently definitely. A. One reason is —

Q. And there are some questions with reference to the operation of the road and I want Mr. Ilsley here. A. I do not know Mr. Ilsley's Brooklyn residence, but you can leave word at the office.

Q. Mr. Frick and Mr. Littell and Mr. Ilsley ought to be able to. A. Do you think Mr. Stevens could give you much information?

Q. Mr. Frick is the man; he is the treasurer of the other company? A. I think he will do that.

Q. I think if he can bring over four or five items of information we can avoid any examination of the books? A. I will telegraph and do the best I can.

Q. If you will do that we will suspend. A. Will you want me any more?

Q. We will notify you if we do want you.

The committee takes a recess until 10 a. m., Tuesday, August 6, 1895.

Pursuant to adjournment, the committee reconvenes at the Surrogate's Court, in the city of Brooklyn, N. Y., Tuesday, August 6, 1895, at 10 a. m.

H. M. Littell, called and sworn, testified:

By Mr. Wade:

Q. Where do you reside? A. At present in Brooklyn, at the Hotel Margaret.

Q. And you are connected with the Atlantic Avenue Railroad Company? A. Yes, sir.

Q. How long have you been connected with that company? A. Since the first of July.

Q. Eighteen hundred and ninety-five? A. Yes, sir; little over a month.

Q. Prior to that time had you been connected with any street railroad company? A. Yes, sir.

Q. Where? A. I was president and general manager of the New Orleans City and Lake Railroad, and the Crescent City Railroad Company in New Orleans.

Q. For how long a time? A. Two and one-half years?

Q. Were those roads operated by electricity? A. They are now; I changed the power from horses to electricity; I went there for that purpose.

Q. And your experience with surface street railroads has covered about that period? A. I think about sixteen years.

Q. And with the electric street railway since that method of propulsion has been adopted? A. Yes, sir, I built one of the pioneer roads in 1888.

Q. Now, what is the amount of trackage of the Atlantic Avenue lines? A. The Atlantic Avenue has about 42½ miles.

Q. Is it run in connection with another road? A. Yes, sir, the Brooklyn, Bath and West End.

Q. You are president of the Brooklyn, Bath and West End? A. Yes, sir.

Q. The Atlantic Avenue is a lessee of the West End? A. Yes, sir.

Q. And which company operates the Brooklyn, Bath and West End road now? A. The Atlantic Avenue Railroad Company; they are two separate and distinct corporations.

Q. You maintain the organization of the Brooklyn, Bath and West End? A. Yes, sir.

Q. But as such it has nothing to do with the management or the operation of the road? A. No.

Q. And your offices are substantially identical? A. Yes, sir.

Q. That is, the offices of the two companies? A. Excepting the directors; the directors are not all the same.

Q. Are you familiar with the terms upon which the Atlantic leased the Brooklyn, Bath and West End road? A. I am not; I do not know anything about it; I have not looked it up at all.

Q. Are you familiar with the manner in which the capital stock of either of those companies was increased? A. No, sir.

Q. Are you familiar with the financial condition of either of the companies? A. Only to a slight extent; I have been here such a short time that I really have not had an opportunity to examine in to it.

Q. Mr. Frick is secretary and treasurer of the two companies? A. Yes, sir.

Q. And has been how long, do you know? A. No, I do not.

Q. Some years? A. Previous to my administration, quite a while; how long I am unable to answer.

Q. He is here this morning? A. Yes, sir.

Q. What is the character of the cars in use by the Atlantic Avenue road? A. They have various types of cars; they have what is called the open car, with the cross seat, and passengers enter from the side; they have what is called the box car, four wheels, some of them, 16, 18, and 20 feet long; they have also some eight-wheel cars, practically the same style, in reference to the body.

Q. Have they in use any vestibule cars? A. Not to my knowledge; if they have I am not aware of it; we have a lot of winter cars stored that I have not examined as yet, and I can not state positively as to that.

Q. Have you ever had any experience in the use of vestibule cars? A. Yes, sir.

Q. And have you been with this road long enough to learn the various conditions under which it is necessary to operate it, the Atlantic Avenue? A. I am learning something every day; I do not say I am thoroughly acquainted with all of its details.

Q. Have you an opinion, Mr. Littell, as to the utility of vestibule cars upon the line? A. I have my opinion as to the utility of vestibule cars in any country where they have cold weather—where they have snow and ice; in other words, a similar climate to Brooklyn.

Q. Will you state whether, in your opinion, vestibule cars could be used to advantage upon your line here? A. Vestibule cars, of course, could be used; but there is more or less danger attached to pedestrians by the use of vestibule cars; I think that is an undisputed fact; a vestibule car will obstruct the view of a motorman more or less; for instance, he has a slight post on each side of him; it does not make any difference how small the post is, it obstructs his view to a certain extent; you take a day there is a slight snow; if the temperature in the vestibule is higher than the temperature on the outside, the result is that the snow will accumulate and blur the glass; the two side glasses closed and the center one opened; and it creates a much greater draft than if the entire platform is open, therefore it is harder on the motorman's face; on a clear, bright day; when there is only a slight variation in the temperature between the outside and inside of the vestibule it does not make any difference; to illustrate that, if this room is warm, temperature 60 or 70 or 75, and outside it is 30 or 25, and you stand up near that glass and breathe on it, it creates a frost; so it will on the vestibule car.

Q. What do you think of the advisability of the use of vestibule cars on your line? A. I think they are a bad thing; for my reasons, stated above, I think there is more or less danger attached to anything you might place in front of a motorman's face that would obstruct his view; for instance, a man standing in a vestibule, it is boarded up to this height, and a child may run

towards a car and fall under it; while with an open car, his view would not be obstructed, and he could see that person, whether a man, woman or child; but with a vestibule he could not do it.

Q. The only disadvantage you see in a vestibule car is the increased danger? A. Yes, sir.

Q. Of course, it is more comfortable for a motorman? A. No, I doubt it; I had rather take my chances in the open air than stand in front of a small opening with a draft coming in there; in other words, sitting in a room along side of a window; you are compelled to wear heavy clothing anyway, and bundle yourself up and get the draft just where you do not want it.

Q. Does your road run at any place on Fulton street? A. On Fulton street?

Q. Do you strike Fulton street at any point? A. Near Fulton Ferry; only a short distance; we cross it in several places.

Q. What system of transfers do you use, if any? A. We transfer at the various junction points from one line to another in various directions.

By Mr. Nixon:

Q. That is, on your own lines? A. Yes, sir.

By Mr. Wade:

Q. That is, all your conjunction lines? A. Yes, sir.

Q. How do you issue that transfer ticket? A. We have a man on the outside to issue it; one at Fifteenth and Fifth avenue; when the passenger gets off the car he gives the passenger a transfer ticket.

Q. Do you think that more advantageous than giving the transfer to the conductor? A. In either case the transfer system is liable to be abused by both the passengers and conductor; it is a very difficult thing to check.

Q. You think you can check it better by a man at the corner? A. Yes, sir; but there is no real check against the leakage, by the employes and by abuse by the passengers.

Q. Are you familiar with what is commonly known as the Cantor act, in this State? A. No, sir.

Q. A bill which provides that in cities of a certain class, which takes in only the city of New York, that franchises must be sold at public auction to the highest bidder; have you ever had much experience in acquiring franchises from municipalities? A. No, sir.

Q. Are you sufficiently conversant or familiar with the subject as to express an opinion as to the utility of an act of the character which I have stated? A. No, I would not like to express an opinion about it without giving the matter some little thought; I never heard of the bill before, and I do not know anything about it at all.

Q. Mr. Littell, the office of the Atlantic Avenue Company is situated where? A. At the corner of Third and Atlantic avenues.

Q. Do you know anything about the Brooklyn Traction Company? A. No, sir; I do not; not a thing in the world.

Q. You are not a stockholder in it? A. Yes, I am a stockholder, but I do not know anything about it.

Q. Are you one of the directors in that company? A. No; I do not hold any office in it at all.

Q. At what time did you become interested in that company as a stockholder? A. I think about two and one-half years ago.

Q. About the time it was organized? A. I think it was; yes, sir.

Q. Were you one of the persons who purchased in the stock of the Atlantic avenue road, and then transferred it to the Brooklyn Traction Company? A. No, sir.

Q. Have you been connected as a stockholder in various electric street railways or surface street railways, I should say? A. Yes, sir.

Q. Have you been an incorporator of one or more companies of that character? A. No, never have been.

Q. Now, Mr. Littell, do you think it good policy, to organize surface street railway companies and put out the capital stock of

those companies for a nominal sum? A. I do not know; that depends on circumstances.

Q. Under what circumstances would you advise a course of that character? A. If you had a road here of 10 or 15 miles in length operated by horses and the capital stock had been issued and bonds and so forth, and in order to keep up with the times of the day you would be necessarily compelled to re-equip that road; if you did not your competitors would get all the business; there is not anything I know of connected with a horse railroad that you can utilize as an electric road; the cars are not adapted to it, the wheels are not adapted to it, the track nor the building, and I do not know of one solitary thing.

Q. You could utilize the franchise? A. Yes; the only thing you would have would be the right of way, and really you have not got that until you get permission to change from horse to electric power.

Q. What has all that to do with putting out the capital stock of the company for nothing? A. I never was a promoter or organizer of any of those companies, but I presume it is the only way the last four or five years, considering the panicky times, to sell their bonds; I do not see how they could dispose of them unless they gave some stock to the promoters.

Q. You took the Brooklyn Traction Company? A. Yes, sir.

Q. It stands there to-day with a capital stock of \$9,000,000? A. Yes, sir.

Q. Its entire property consists of \$2,000,000 of capital stock of the Atlantic avenue road; that is correct, is it not? A. Yes, \$2,000,000 of capital stock; then I think they have other holdings that I do not know anything about.

Q. I think Mr. Strauss covered that point yesterday? A. Yes, sir.

Q. That is all you know anything about it? A. Yes, sir.

Q. The entire capital stock of the Brooklyn Traction Company would be worth just as much if it was \$2,000,000 to-day as it is at \$9,000,000? A. I presume it would; possibly more.

Q. What is it worth now, Mr. Littell? A. There is no sale for it, I do not suppose; 14 or 15 cents.

Q. You are familiar with the scheme of getting up a Traction Company and acquiring the stock of the other two companies?

A. No, I was not interested.

Q. I will tell you; I got it from Mr. Strauss yesterday; they organized the Brooklyn Traction Company with a capital stock of \$9,000,000? A. Yes, sir.

Q. As individuals, they purchased the capital stock of the Atlantic Avenue Railroad Company, which, at par, amounted to \$1,200,000, and for which they paid \$3,000,000, the individuals or syndicates, or whatever they were called; and then they, as individuals or syndicates, transferred that stock of the Brooklyn Traction Company, which was \$9,000,000, and that is all that they had? A. You do not figure what amount of money for making the change that they expended.

Q. They did not pay anything for the \$9,000,000 stock? A. They paid something for the stock of the Atlantic Avenue Railroad.

Q. They paid \$3,000,000? A. A good deal more than its par value.

Q. Three million dollars, Mr. Strauss says; why would it not have been just as well to hold the stock as individuals of the Atlantic Avenue Railroad as to organize the new company with \$9,000,000 of watered stock and hold that simply by transferring the capital stock of the Atlantic avenue to that company? A. I do not know as I could answer that question.

Q. Do you understand how they acquired the capital stock of the Brooklyn, Bath and West End? A. No.

Q. Well, the Brooklyn Traction Company practically own the two roads to-day, as you understand it, does it not? A. Yes, I understand they do own the stock.

Q. That is, it owns the stock of the Atlantic Avenue and the Atlantic Avenue owns the stock of the Brooklyn, Bath and West End? A. Yes, sir.

Q. So that persons who own the stock of the Brooklyn Traction virtually own the stock of the other roads? A. Certainly.

Q. Now, you have got an indebtedness of the Atlantic Avenue road of how much? A. Bonded indebtedness.

Q. All kinds? A. About \$4,500,000, I think it is.

Q. And the Brooklyn, Bath and West End? A. One million.

Q. That is the bonded indebtedness, is it not? A. Yes, sir.

Q. Has it any other in addition to that? A. It may have some few accounts; I do not know exactly what it is.

Q. Of little importance? A. Yes.

Q. Now, the capital stock of the Brooklyn, Bath and West End is what? A. One million.

Q. And the capital stock of the Atlantic Avenue is \$2,000,000? A. Yes, sir.

Q. That shows your road stands there without adding to it the \$9,000,000 of the capital stock of the Brooklyn Traction Company, at a cost of \$8,500,000? A. Yes, sir.

Q. You do not think it cost that, do you? A. I am unable to say what it did cost; I have never looked up the past records of the company.

Q. You have 40 miles of the Atlantic Avenue? A. Yes, sir, 42½.

Q. Forty-two miles and one-half; how much of the other? A. Thirteen and a fraction.

Q. Call it 13½; that is 56; that makes your road stand in about \$154,000 a mile, saying nothing about the stock of the Brooklyn Traction Company? A. Yes, sir.

Q. Do you think it would have cost that? A. It depends upon circumstances; I know roads that have cost a great deal more, built in unpaved streets.

Q. I mean actual cost? A. No, the contract did not cost that.

Q. With power house equipment and all? A. I am unable to say just how much money they had to expend in building that road, but with a clear right of way and no expenditures except cost of rails and cars — yes, they could build that.

Q. Wouldn't you like the contract to do the constructing for less than half? A. Yes, sir; if I had a clear right of way.

Q. Building power house and so forth? A. Yes, with no obstructions.

Q. And with a good deal less than one-half of that money? A. Why, certainly; yes, sir.

Q. In giving me the number of miles of road, have you given me the number of miles of track? A. Yes, sir; I have given the number of miles of track.

Q. It is a double track road, is it not? A. Yes, but that is the actual mileage of single track.

Q. So your actual mileage of road is one-half of that? A. If you call it a double track; yes.

Q. In other words, you cover just one-half of fifty-six miles of street? A. We cover more than that; you take the routes our cars run on, would cover more mileage than that, but the actual mileage of single track is between 55 and 56 miles, and the double track would be one-half of that.

Q. So that would make your road stand to-day, if you count the indebtedness of the two roads and the capital stock of the companies, would make your road stand to-day as costing \$304,000 a mile. A. Double track.

Q. Yes; now, that company would be in a much more healthy condition if there was no water in any of that business? A. Yes, sir; possibly.

Q. There can not be any doubt about it, can there? A. That is unquestionably the fact.

Q. Do you think the law ought to prohibit the issue of the stock of a street railroad company for a mere nothing? A. I am unable to answer that question; I think it depends a great deal on circumstances.

Q. Assuming that you were going into an enterprise that you wanted to make money legitimately in; that is, that you simply wanted to invest your money in a street railroad and receive a benefit by way of dividends, wouldn't you think the capital stock ought to represent actual money paid into the treasury? A. It certainly would be more valuable; yes, sir.

Q. Is the company earning its fixed charges now? A. Hardly.

Q. You say the bonded indebtedness as it stands there to-day is \$5,500,000; that is supposed to represent money that is borrowed in some manner, is it not? A. Yes, sir.

Q. And it is way in excess of the actual cost of both roads and plant and equipment. A. I do not know that; our books will show just what they have expended.

Q. I did not mean that question precisely as I put it, because both of these lines have been changed over from horse power to electricity, have they not? A. Yes, sir.

Q. So that in that there is a great deal of loss? A. It is practically building the road over the second time and throwing away the stock.

Q. But the bonds, the indebtedness of those two companies to-day is a much larger sum than the entire road, equipment and plant would cost to-day, are they not? A. Everything is much cheaper, about from 50 to 75 and 100 per cent. than two years ago; more than 200 per cent., so far as motors and tracks and so forth are concerned, and car equipments; all material is much less than it was two years ago.

Q. Is it going to be necessary, in your opinion, that most of these companies go into liquidation sooner or later? A. I hope not.

Q. And boil out the water? A. I hope not; I am unable to say just what will be the outcome; I think if the council and Legislature would adjourn for about three years I think it would get around all right; we are handicapped in it.

Q. This \$9,000,000 capital stock of the Brooklyn Traction Company is practically issued for nothing, was it not? A. I am unable to answer that question.

Q. Whom did you acquire your stock of? A. I bought this stock from a brother of mine.

Q. Was he on the ground floor in the business? A. No; I do not know that he was.

Q. At what price was it selling at that time? A. I am unable to answer that, and I couldn't tell you how much I have got; I

have never looked at it, and I never saw the road until I came here a month ago.

Q. I think Mr. Strauss told me the common stock went a little above 30, and the preferred to 80? A. I bought some preferred stock and got some common with it; just how much I do not know.

Q. About how many cars are you running on this line? A. About 180.

Q. One hundred and eighty? A. Yes; between 170 and 180.

Q. I do not think of anything else, Mr. Chairman, unless there is something you wanted.

By Mr. Nixon:

Q. Mr. Littell, there has been a considerable comment upon the number of people killed by your various railroad systems here. A. Yes, sir.

Q. Are there any rules or regulations or ordinances excepting the ordinance passed by the common council, regulating the rate of speed? A. Yes; to running cars?

Q. Yes. A. We have rules that the motormen ring coming to each crossing, approach all crossings slowly and car under perfect control, and use due care and diligence at the intersection of streets; at street railroad crossings, or steam railroad crossings, bring car to full stop.

Q. That is the general law? A. Yes, sir.

Q. Are there any ordinances by which your cars are compelled to stop at a dead stop; I notice your cars cross cross-streets? A. We have such a rule.

Q. You do not enforce it? A. We try to.

Q. You would keep yourself busy on Fulton street; have you a brother in connection with the Buffalo street railroad system? A. Yes, sir.

Q. He is general manager? A. Yes, sir.

Q. You never had any conversation with him in regard to general rules? A. Oh, yes; we have been conferring ever since we were children about street railroad matters and do continually.

Q. There they compel cars to come to a full stop for crossing a street when meeting another car? A. That will be done here in time; I have been here only thirty days, but it will be done.

Q. Do you not think the compulsory enforcement of that rule; that the railroad companies should be forced to do that? A. It is for the railroad companies' own benefit to do it; we have it posted in each of our cars, and a passenger is supposed to report every man that fails to stop; it is posted in every one of our cars; the rule is being followed up, and in many instances it is carried out.

Q. A moment ago you suggested that the common council and the Legislature should be abolished for three years. A. I did not say abolished.

Q. If they had no session for three years; do you think there is too much interference on the part of those bodies in the management of railroads? A. That has been my experience in other cities; I do not know how it is here.

Q. They seem to think it is not enough? A. I do not know; they have got the surface railroads in such a state I do not see how they can exist much longer; they have the speed down to six miles, and all kinds of restrictions.

Q. You think the speed ordinance is a harsh one on the part of the railroads? A. Unquestionably.

Q. Do you think there could be certain precautions by which cars could be run at a higher rate of speed and not endanger pedestrians? A. Unquestionably; they do it in larger cities.

Q. What distance does that ordinance cover, Mr. Littell, from your City Hall? A. A mile and a half.

Q. That is supposed to be the center? A. Yes, sir.

Q. Six miles an hour? A. Yes, sir.

Q. What is the extreme limit in the other part of the city? A. Eight miles.

Q. And is that the extreme limit? A. I think it is.

Q. Don't you allow it to run faster down towards the island? A. They are not as strict in regard to that as they are in the city;

neither are they in the bar-rooms; you can go in the front door and get a drink there Sunday, but you can not in Brooklyn.

Q. How high a speed do you think the street railroad company could run without danger? A. I should think on Fulton street from here to the ferry our company has no desire to operate our cars in this district faster than six miles an hour.

Q. Do you think that is a very wise precaution, a mile and a half from the City Hall? A. No; we come to Atlantic avenue within two or three blocks from here with few vehicles on it; there is no reason why we should not run there 10 or 12 miles an hour.

Q. You think the reduction is too far? A. Certainly; I think they should name certain streets, instead of a radius of a mile and a half; we run through a district of wide streets and few wagons, and could run with safety at a greater speed.

Q. How fast are you allowed to run cars in Canal street, in New Orleans? A. Twenty miles; all other streets to St. Charles street, we are allowed 15, and one other street is 12; the lowest rate of speed there is 12 miles an hour.

Q. You say you reconstructed that New Orleans road? A. Yes, sir.

Q. Have you ever had experience of construction of a new system of electric railroads, not changing your power, but the construction of a new line? A. Do you mean, take new territory?

Q. Yes; new territory and a new franchise. A. No; only in connection with other roads already in existence; extensions and so forth.

Q. What is the cost of a mile of track of railroad? A. It depends entirely on the character of the rail, the weight of it, the number of ties you use —

Q. You use a 90-pound rail here? A. Yes, sir; the kind of ballast, whether grit, broken stone, gravel or natural earth, and the paving and everything of that kind enters in to it; it costs anywhere from \$15,000 to \$75,000 a mile.

Q. It depends upon the number of attorneys you have engaged in getting the franchise? A. No.

Q. They talk about building an electric road for \$6,000 or \$7,000, without pavement; we have not found any railroad built less than \$150,000 or \$175,000? A. You have found some more than that, have you not?

Q. Yes; what causes that? A. I am unable to say.

Q. You have had some experience in building railroads? A. Yes; but I do not know how they cost.

Q. Your road cost \$150,000 a mile? A. I do not believe that.

Q. Three hundred and four thousand dollars, double track? A. That is double track; speaking of miles of track, you mean one track?

Q. Yes; any ordinary track that costs \$6,000 or \$7,000 without paving? A. You can not build it for \$6,000 or \$7,000, because that really costs more than that; \$8.10 on board the cars in Johnstown, the rail alone; 5,280 feet in a mile, and you can not get it here for less than \$1,000.

Q. It would not cost over \$10,000? A. What; to lay a 90-pound rail here?

Q. Yes. A. Certainly; I would not agree to lay it for \$20,000.

Q. To buy your rail and lay it? A. Yes; and to take up your pavement and lay it all.

Q. I am not talking about pavement; I am talking about new construction, where you have clean construction? A. It depends on the character of the pavement and everything of the kind; take special work; come to the intersection of a corner, it might cost you \$50 a foot to get around that corner; special work is very expensive.

By Mr. Wade:

Q. That is very much cheaper now than it was a few years ago? A. Yes, sir.

Q. That special construction? A. Yes, sir; everything is cheaper now to build.

Q. You have compared this city with other cities in speaking of the rate of speed? A. Yes, sir.

Q. Do you know of any other city in the world where street car traffic is congested as it is on Fulton street here? A. No; I do not know as I do.

Q. There is nothing in New York that is like it? A. I do not know as I do.

Q. It is not a fair comparison? A. But that is one street, and I do not believe that the Brooklyn Street Railroad Company would want to run any faster than they are doing there now, and they have not asked to, and it is not a street like Fulton street that we want to increase our rate of speed; a street like Atlantic avenue, Ninth and Seventh avenues, wide streets, is where we want to run faster.

Q. You would not think it a fair comparison to compare Third avenue, in New York, with Fulton street, in Brooklyn? A. No; things move a good deal quicker there than they do here.

Q. And still more safely there than here? A. Yes, sir; and the cable runs 10 miles an hour in the lower part of Third avenue, down in the Bowery; they have four or five railroad tracks, also, there, against two tracks on Fulton street, and they have a street that is two and a half times as wide, I imagine, as Fulton street.

Q. So they can run 10 miles an hour with more safety than six on Fulton? A. I do not think any one asked to run any faster on Fulton street.

Q. You think they run as fast on Fulton street now as it is safe to do? A. Very nearly; they are not running up to their speed on Fulton street now; they are allowed to run six miles an hour, but they are not doing it.

Q. You were speaking about cost of these roads in answer to questions propounded by the chairman; you gave the cost of the rail as how much? A. I have not bought any recently; possibly \$1.10 a foot, or something of that kind.

Q. What is that, a girder rail? A. Yes, sir.

Q. Do you think it is a good rail? A. Do I think the girder rail is a good rail?

Q. Yes, sir. A. Yes, sir.

Q. Do you think it is as good as a "T" rail? A. No; I do not.

Q. Can you make as good a track with it as you can with a "T" rail? A. No, sir.

Q. Can you make as good a street with a "T" rail? A. I think with proper pavement you can make a better crossing with a "T" rail.

Q. There would be no more cost for paving with "T" rails than with the girder rail? A. No; but you can never make a city official believe that.

Q. Yes; in several cities they have had the girder rail taken out and "T" rail put in? A. I have tried to do that and failed.

Q. A 90-pound "T" rail does not cost that? A. No; I do not know what they cost, a 90-pound "T" rail; possibly \$22 a ton.

Benjamin Frick, called and sworn, testified:

By Mr. Wade:

Q. You are the treasurer of the Atlantic Avenue Railroad Company? A. Yes, sir.

Q. And also of the Brooklyn, Bath and West End? A. Yes, sir.

Q. How long have you been the treasurer of the Atlantic Avenue Company? A. Since the 1st of July, 1894.

Q. And also secretary? A. Yes, sir.

Q. And how long have you been the treasurer of the Brooklyn, Bath and West End? A. Since a month previous to that; June, 1894.

Q. And also its secretary? A. Yes, sir.

Q. Are you one of the directors of each of the companies? A. In the Brooklyn, Bath and West End, and not the Atlantic avenue.

Q. How were you connected with either of the companies prior to that time? A. I came with the Atlantic Avenue road on the 1st of April, 1894, just to get a general knowledge of the property,

and with the expectation of being elected secretary and treasurer at the annual meeting; my predecessor would not resign his place and would not give way until July.

Q. Who was your predecessor? A. William J. Richardson, now deceased.

Q. Are you familiar with the books of the company? A. I know something about them in a general way; I do not make the entries myself.

Q. Were you connected with the company at the time its capital stock and bonded indebtedness was increased? A. No, sir.

Q. Are you familiar with the transaction? A. No, sir; only from the entries in the book; but I am not familiar with it at all; I never paid any attention to the back history; I took it up from the time I came in the company only.

Q. Can you tell us who would be likely to have knowledge of that transaction? A. The officers of the Brooklyn Traction Company and the previous officers of the Atlantic Avenue.

Q. Pick out some fellow that is within the State, if you can think of one? A. Deacon Richardson is dead and his son is dead; those two were the officers of the company at that time; Mr. Norton did not come with the company until after the deal was made.

Q. Could you examine the books of the company and tell us whether any money was paid into the treasury of the company on the increase of the capital stock? A. I can tell you just what the entries were; I can not tell you whether or not actual payments took place or not; I do not think entries would be made unless there was some ground for it.

Q. When was this capital stock increased? A. I think in 1892 or 1893, but I am not sure.

Q. The Brooklyn Traction Company was organized late in the fall of 1892, or early in the winter of 1893? A. Yes, sir.

Q. What entry have you in the books of the company in reference to the increase of that capital stock? A. There is an entry; I know that; but just the character of the entry or how it is worded I do not know; I would have to refer to the books for that.

Q. How is it with the Brooklyn, Bath and West End? A. The Brooklyn, Bath and West End books are kept by the old company; separate accounts were kept until the spring of 1894, when the same set of books were kept up, individual accounts of each road, and everything was paid for by the Atlantic Avenue Railroad Company and charged to the Bath and West End.

Q. That was how the lease was made? A. No; it was subsequent to that time.

Q. When the lease was made the Atlantic Avenue assumed control? A. Yes, sir.

Q. And since then paid the bill? A. Yes, sir.

Q. And run the road? A. Yes, sir.

Q. Did you take part in that transaction? A. No, sir; I did not.

Q. Do you know of any one who did; I mean any one who is within the State of New York? A. Not one I know of.

Q. And not dead? A. No one that I know of now.

Q. Do the books of the companies show these transactions? A. I think they do; I think so.

Q. Do you know Mr. Newberg H. Frost? A. Yes, sir.

Q. Where does he live? A. One hundred and forty-nine Ransom street, Brooklyn; but he is not there.

Q. Where is he? A. Away for the summer; I do not know where.

Q. Was he connected with the roads at the time of this transaction? A. Yes, sir.

Q. In what capacity? A. Treasurer of the Atlantic Avenue Railroad.

Q. And one of its directors? A. Yes, sir.

Q. He would be likely to know about that? A. I should think he ought to know, but at the same time he is a man that always stated he never worried his mind with any of those details.

Q. The capital stock was increased from \$200,000 to \$2,000,000, was it not? A. Yes, sir.

Q. And the bonded indebtedness was increased how much? A. I do not remember just exactly how much that was increased.

Q. It was increased to \$3,000,000? A. Three millions; I don't know just how much the increase was, to all.

Q. It has been increased \$1,500,000, Mr. Strauss testified. A. That must have been the improvement bonds.

Q. What? A. That must have been the improvement bonds, the bonds that were issued for changing the property.

Q. And the other road had been increased about \$450,000? A. The West End, you mean?

Q. Yes, sir. A. Yes; \$400,000, that was increased.

Q. That was for improvements? A. Let's see; it was originally \$600,000; yes, sir.

Q. Do you know what the Atlantic Avenue paid for the Brooklyn, Bath and West End stock? A. I do not.

Q. Do the books show? A. The books have an entry, but just what exactly passed I do not know.

Q. These were the exact things Mr. Strauss asked you to testify to this morning? A. I did not know.

Q. I told Mr. Strauss the nature of the things I wanted you to testify to. A. Mr. Strauss, or a clerk, telephoned me last evening about half-past 5 that Mr. Littell and I were to be present here this morning at 10 o'clock.

Q. Will you inform yourself as to what the books show upon that subject? A. Wouldn't it be a good idea to have some one come up and look over the books.

Q. It might. A. I will give them every assistance.

Q. It may involve a thorough examination of all the books. A. It can be gotten at very quickly; it would not take long.

Q. And it may involve an inquiry as to whether the transactions mean what they purport to mean? A. That, of course, I could not answer myself, because I was not with the company.

Q. About what are the fixed charges, including operating expenses, of those two lines now, Mr. Frick? A. There is interest on the bonds, the \$4,500,000 of the Atlantic Avenue, and the taxes; we consider those as fixed charges; taxes here in the city amount to about \$5,000 per month, \$60,000 per annum; we pay out about \$60,000 in taxes; for the Brooklyn, Bath and West End the taxes

are about \$2,000 a month, with interest on a million dollars, and our mortgage indebtedness besides.

Q. What is that? A. On the Atlantic Avenue, \$109,500, and on the West End road it is about \$25,000; that is, the mortgage indebtedness; our mortgage is independent of the bonds.

Q. What does the Atlantic avenue pay as rental to the West End? A. The Atlantic Avenue guarantees the payment of the bonds of the West End road.

Q. Anythi~~ng~~ more? A. The Atlantic Avenue pays any deficit there may be on the West End road; in other words, the Atlantic Avenue stands behind the West End to see that West End does not run behind.

Q. It owns the Brooklyn, Bath and West End now? A. All but a few shares of stock.

Q. Why was the lease made, do you know? A. I do not know.

Q. The contract is that it shall operate the road and pay the interest on the bonds and all fixed charges and maintain it? A. Yes, sir.

Q. How much did the Atlantic Avenue stock, if you can tell, pay for that, if anything? A. It paid something; just what the amount was I do not know; I know that there was something paid for it; I think it was in the neighborhood of a little over \$100,000 in cash; of course, that was part of the transaction and part of the deal, and the stock had a certain value to it, and other securities, add other values to it; taken as a lump sum.

Q. Why did the Brooklyn Traction Company sell stock to the Atlantic Avenue? A. I don't know.

Q. What did the Brooklyn Traction Company pay for it, do you know? A. I do not.

Q. How much do the two lines lack now of paying operating expenses and fixed charges? A. The last fiscal year will show about over \$100,000.

Q. Four hundred dollars— A. Over \$100,000 in the last year's operations; a little over \$100,000 deficit.

Q. Do they at present make a better showing than that? A. They are improving.

Q. I do not mean to take the whole years? A. The two roads are improving, but at the same time they have not recovered from the effects of the strike, and they have been very much hampered by the speed ordinances, and a number of other causes that have arisen; the reduction of fare to Coney Island from 25 to 15 cents was quite an item.

Frederick Bostwick, called and sworn, testified:

By Mr. Wade:

Q. Where do you reside? A. Pine Plains, Dutchess county, New York.

Q. What is your business? A. Accountant.

Q. Have you made examination of the books of the Brooklyn City Railroad Company? A. No, sir.

Q. Or the Brooklyn Heights Railroad Company? A. Yes, sir.

Q. How extensive was your examination of those books, and what period of time did it cover? A. Commenced on June 6, 1893.

Q. Eighteen hundred and ninety-three? A. Yes, sir, 1893.

Q. Why did you take that date as the beginning? A. That was when the Brooklyn Heights Company leased the Brooklyn City; I went back to that date.

Q. And this paper that I hold here is a report of your examination? A. Yes, sir.

Q. Mr. Bostwick, I see on page 3 of your report, the actual cost of changing the system of the Brooklyn City Railroad Company from horse power to electric traction, including extensions, building up electric road since June 30, 1890, is \$11,821,287.04? A. Yes, sir.

Q. Have you a detailed statement of that anywhere? A. No, I have not, but that is the \$6,000,000 of stock and \$3,000,000 of bonds of the Brooklyn City which they were to expend under the

lease, making \$9,000,000, and \$2,016,000 expended from the Brooklyn Heights.

Q. You took those items as the amounts of money that was actually expended? A. The amount of money that was actually expended by the Brooklyn Heights Company?

Q. Yes; that is, when the Brooklyn City increased its stock from \$6,000,000 to \$12,000,000? A. Yes, sir.

Q. The books show that they paid par? A. I think the bonds brought a little more than par.

Q. No; the stock? A. The stock; I don't remember about that; no, they didn't bring quite par.

Q. Did they bring just par? A. No — just par, I think.

Q. What books did you examine to show that transaction? A. I examined the books of the Brooklyn Heights Railroad Company; they had these entries there.

Q. So that the amount is not made up from the examination of vouchers? A. No, that is not made up from an examination of the vouchers.

Q. It is assumed by you that that \$6,000,000 and the \$3,000,000 were actually expended? A. Yes, sir.

Q. Now, take two millions — \$2,016,222.24? A. Yes, sir.

Q. That is the amount which you find the Brooklyn Heights Company has paid out of its own funds? A. Yes, sir.

Q. How did you get the balance of that? A. How do I get the balance of it?

Q. Yes. A. Where, in the report.

Q. You say the \$6,000,000 and \$3,000,000 are \$9,000,000? A. Yes, sir.

Q. Then here is \$2,016,000; but you have \$11,800,000? A. That includes that \$2,016,000 paid out by the Brooklyn Heights Company.

Q. Now, there is about \$805,000 that comes from some other source? A. Yes.

Q. I can not tell where? A. I do not know; I think that was from the sale of some other real estate, or something that that Brooklyn City Railroad Company had.

Q. It was an amount, so far as your examination was concerned, that was fixed arbitrarily by the books of the Brooklyn Heights Company? A. Yes, sir.

Q. Showing a receipt from the Brooklyn City Company? A. Yes, sir.

Q. Now, the \$794,000? A. Where is that?

Q. It is on the first page for equipment; does that include the entire equipment purchased during that time? A. Yes, sir; that includes the entire equipment.

Q. Can you tell about how much equipment that did purchase? A. No, I could not tell.

Q. The number of cars? A. No, I could not tell that.

Q. Did you examine the vouchers for that amount? A. Yes, I did.

Q. And also the following items of \$395,511.43? A. Yes.

Q. Power house and depots, \$934,000? A. Yes, sir.

Q. And are those the sum totals of all the vouchers of those things that you found there? A. Yes, sir.

Q. Now, did you find how the Brooklyn Heights Company expended this \$9,800,000 from the books or vouchers? A. It was expended in construction, changing the system, building new line, etc.

Q. How much of it; have you the figures there that will show that? A. Show what?

Q. How much of it? A. How much of it was expended for construction, do you mean?

Q. Yes, sir; by the Brooklyn Heights Company? A. Why, the whole of it.

Q. How do you arrive at that; you give in detail here—not in detail, but you have segregated expenditures, \$2,016,000—giving the amount expended for equipment, etc., by the Brooklyn Heights Company? A. Yes; how do I get at that?

Q. That is what you say was expended by the Brooklyn Heights Company of its own funds? A. Yes.

Q. Now, do you assume that the \$9,800,000 was expended or did you find vouchers showing it? A. I found vouchers showing

that that was expended, and also the \$2,016,000; the \$9,800,000 and also the \$2,016,000.

Q. And you have not got anything in your report showing what portion of that nine millions was expended for the equipment and what portion for construction? A. That was all expended for construction.

Q. And none of it was expended for power houses? A. No.

Q. Or equipment? A. No.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

Frederick Bostwick, recalled, testified:

By Mr. Wade:

Mr. Boswick.—I wish to change my answer to the last question of this forenoon; the \$9,800,000 was expended for construction, equipment, etc., and so was the \$2,016,000.

Q. Now, Mr. Bostwick, turn to page 2 of your report; you there report the expenditure of \$2,016,000? A. Yes.

Q. By the Brooklyn Heights Company of its own money? A. Yes.

Q. In reconstruction, which you put in three departments; equipment, \$794,000.80; track and overhead work, \$380,511.43; power house and depots, \$934,105.21; a total of \$2,108,677.44? A. Yes.

Q. From which you have deducted the receipts from the old material? A. Yes.

Q. Horses, etc., \$92,255.20; now, in your examination, did you examine the vouchers for the equipment purchased by that \$794,000? A. Yes, sir; I did.

Q. And did you examine the vouchers for the track and overhead work? A. Yes, sir.

Q. Can you tell whether that was on the Brooklyn City line or

on the Brooklyn Heights lines? A. I think it was on the Brooklyn City lines.

Q. Now, the power house and depots; did you examine the vouchers for that? A. Yes, sir.

Q. And do you know whether that was on the Brooklyn Heights lines or Brooklyn City lines? A. Brooklyn City, I think.

Q. Now, you have got on the third page, the indebtedness of the Brooklyn Heights Railroad Company, \$3,088,417.59? A. Yes, sir.

Q. What are those joint collateral notes, Mr. Bostwick? A. Those are notes made by the Brooklyn Heights Railroad Company and the Long Island Traction Company.

Q. Both as makers? A. I do not know; I do not know whether they are both makers or not.

Q. You did not have the notes themselves? A. No, I did not have the notes themselves.

Q. How does it appear on the books? A. It appears credited to bills payable in the general system.

Q. And the face of those notes are how much? A. The face of the notes is \$1,846,409.10.

Q. And the company realized 80 per cent. of that? A. Yes, sir.

Q. Did they bear interest? A. I do not know whether they do or not; must, of course.

Q. Do you know who they were given to? A. The New York Guaranty and Indemnity Co., I think.

Q. Then they have got promissory notes given for funds as per face of said, \$642,008.49? A. Yes.

Q. What are those notes given for, do you know? A. They were given for construction.

Q. And this \$250,000 taken from the guaranty fund is the \$250,000 spoken of by the other witness; by Mr. Hollins? A. Yes, it is \$250,000 they had, and were to take under the lease.

Q. Then here is \$350,000 loaned by the receiver of the Long Island Traction Company; when was that loan made? A. It was made on the 1st day of April, 1895, on the order of the United

States Court, \$350,000; \$300,000 of that was made on a note, and \$59,000 on the 29th of June, 1895, in the same manner.

Q. Mr. Bostwick, you say on that page of your report, that the actual cost of changing the system of the Brooklyn City Railroad, including extensions billed for electricity, since June 30, 1896, \$11,821,000? A. Yes.

Q. Two hundred and eighty-seven dollars and four cents; did you get that from the books of the Brooklyn Heights Railroad Company? A. I got it from both companies; from the Brooklyn City and the Brooklyn Heights; Mr. Swin showed me his books, and I got the figures expended by the Brooklyn City Company from him, and the amount expended by the Brooklyn Heights Company from their books; they were merged together, those companies.

Q. That leaves \$9,800,000 furnished by the Brooklyn City? A. Yes, sir.

Q. Did the Brooklyn City expend any of that money? A. Yes, they did; some of it.

Q. How much of that money appears upon the books of the Brooklyn Heights? A. I can not tell you without my memorandum, and I have not got that memorandum here.

Q. Did you examine vouchers of the Brooklyn City back of June 6, 1893? A. Yes, I saw the vouchers for the money that they had expended for every share of those eleven million dollars.

Q. You don't know how much of that nine millions was expended by the Brooklyn City and how much by the Brooklyn Heights? A. No, I don't know how that was divided.

Q. You don't know how much of that money went into the books of the Brooklyn Heights? A. No; as fast as the Brooklyn Heights paid out money they were reimbursed by the Brooklyn City.

Q. Some of this was expended long before? A. Yes, long before the lease.

Q. Before the Brooklyn Heights had anything to do with it? A. Yes, sir.

Q. Do the books of the Brooklyn Heights show anything about that? A. They do not show anything about that.

Q. So you feel confident your figures are correct in that respect?

A. I do.

Q. Your report also says, 'purchases made of Lewis & Fowler Manufacturing Company, and Lewis & Fowler Girder Rail Company, and General Electric Company, on the same page? A. Yes, sir.

Q. The General Electric Company included the Thompson-Houston Company; now, what was the character of that material purchased of the Lewis & Fowler Manufacturing Company? A. I do not remember what it was; I can not remember.

Q. Do you remember whether it was cars, or whether it was motor, or electrical appliances? A. No; I do not.

Q. Then the Lewis & Fowler Girder Rail Company? A. I don't remember what that was, whether it was cars or what it was.

Q. Probably it was rails; I should judge from the name — A. I should judge so from the name.

Q. And you speak about these contracts having been let on competition? A. Yes, sir.

Q. State what you found in that respect? A. I saw the specifications drawn up by the Brooklyn Heights Company, and submitted to these different corporations, and then I saw their bids to furnish materials.

Q. Is that in your report or explanation? A. In my explanation.

Q. What bid is that; do you remember? A. No; that is not in my explanation at all, I guess.

Q. No; not exactly that statement is not; were any rails purchased from any other company than the Lewis & Fowler Girder Rail Company? A. I do not remember.

Q. Do you remember which had the lowest bid in on it? A. No; I have not any memorandum of that.

Q. You will see by page 6 of your explanation, where you report a quantity of rails purchased by the Brooklyn Heights Company of the Lewis & Fowler Girder Rail Company? A. One

dollar and seventy-five cents per foot was paid the Lewis & Fowler Rail Company, dated same time, \$1.25 a foot.

Q. Here in your discount, in explanation, page 4, is \$409,557.64? A. Yes.

Q. Which you say is the 20 per cent on the amount of those collateral trust notes? A. Yes, sir.

Q. What does that per cent. amount to; have you got it anywhere? A. It is about three hundred and sixty odd thousand, I think.

Q. And the other is an expense of doing that business? A. Yes, sir; the other is the expense of the notes.

Q. Let's see how much it costs to negotiate the note; the face of that note — have you got it there? A. Yes; it is \$1,846,409.10.

Q. And 20 per cent. of that is \$369,281.82? A. Yes, sir.

Q. And according to that, it cost \$40,275.83 to negotiate them? A. Yes.

Q. To whom was that paid? A. Which?

Q. That \$40,000? A. I do not know to whom it was paid.

Q. Do not the books show? A. I think it was some other interest; some other interest from the discount items also included in that, but I have no memorandum of it.

Q. But your report shows discount item as shown on the balance sheet, \$409,000? A. Yes.

Q. Which is composed of 20 per cent. of the issue of the collateral trust notes and the expense of the issue of said notes; now, the 20 per cent. lacks upwards of \$40,000 of reaching that amount? A. I see it does; I do not remember whether there was other charges to discount account or not; I do not seem to have any memorandum of that.

Q. In your statement you give the cost price of various articles of equipment, such as car bodies, trucks and motors? A. Yes, sir.

Q. In various years, 1893, 1894, 1891 and 1892, I think; that you learned from the vouchers or contracts? A. I learned that from the receipted bills that they had.

Q. Could you tell whether they were the same? A. I do not understand what you mean?

Q. You say the most improved car body in 1893 cost \$590; in 1893 it cost \$625? A. I could not tell whether they were the same or not, only they told me they were; that is all I know about it.

Q. And the closed car bodies that in 1893 they paid \$1,095 for? A. Yes, sir.

Q. That is, to the St. Louis Car Company? A. Yes, sir.

Q. One thousand and sixty-one dollars to the Pullman Company? A. Yes.

Q. And \$1,050 to the Lewis & Fowler Company? A. Yes, sir.

Q. That is the Lewis & Fowler Manufacturing Company, is it not? A. Yes, sir.

Q. Did you find anything, Mr. Bostwick, that showed the amount of cost of the large generators, in this? A. I do not remember that I did.

Q. Now, Mr. Chairman, I offer these two papers in evidence, the report and the explanation, and ask to have them marked.

Report received in evidence and marked Exhibit 17.

Explanation received in evidence and marked Exhibit 18.

Daniel F. Lewis, recalled, testified:

By Mr. Wade:

Q. I want to ask you, first, if you can tell me about the time that steps were taken to increase the capital stock of the Brooklyn City from \$6,000,000 to \$12,000,000? A. I think it was in 1892.

Q. About what time were these proceedings completed and consummated? A. I think it took about the best part of two months from the time the application was made, having the examination by the accountant of the Railroad Commissioners and the action finally of the Railroad Commissioners authorizing the increase.

Q. Can you state whether that occurred before or after the execution of the lease of February 13th? A. It was prior to the execution of the lease.

Q. How soon after it was consummated before the first \$3,000,000 was issued? A. I do not know; I could not tell you that amount; I think the report of the Railroad Commissioners on the examination of the books, growing out of the complaint of Mr. Thompson, will tell you that.

Q. Was it prior to the time that the Brooklyn Heights took possession of the road? A. I think it was; I am sure it was.

Q. And that issue was paid for at the time it was issued? A. Yes.

Q. At par? A. At par.

Q. Mr. Bostwick says he finds \$6,000,000 on the books of the Brooklyn Heights Company.

Mr. Bostwick.—No, not on the books of the Brooklyn Heights Company.

Mr. Wade.—Then that will not necessitate any further inquiry on that subject.

Mr. Bostwick.—I do not remember that question being asked me.

Q. How much money did the Brooklyn City pay to the Brooklyn Heights on account of reconstruction and equipment and so forth, after it took the lease? A. I think the proceeds of the \$3,000,000 of stock and also \$3,000,000 of bonds, I think at the time the lease was effected, or the property transferred under the lease, June 6, 1893, the capital stock issued of the Brooklyn City was \$9,000,000, and I think their indebtedness included the underlying bonds, \$3,675,000, leaving \$3,000,000 stock and \$3,000,000 bonds to be disposed of, the proceeds of which, exclusive of the proceeds of the bonds, was to be handed to the Brooklyn Heights for the use of conversion and construction.

Q. And at that time you were the president of the Brooklyn Heights? A. No, sir; I did not take the presidency of the Brooklyn Heights until February, 1894; I think it was.

Q. You were president of the Brooklyn City, then? A. Yes, sir.

Q. So you are familiar enough with the transaction to know that the money was used in the reconstruction of the road in construction and equipment? A. Yes, sir.

Q. In the negotiations for the equipment, Mr. Lewis, what course did you pursue? A. In what class do you mean; cars?

Q. Take the cars first. A. Universally the cars were bought under a specification which was a common specification sent to the larger car builders of the country, upon which they made bids, and which were opened by the executive committee of the company, and usually awarded to the lowest bidders; sometimes if it was a question of quick delivery the order would be split up, say, between the two first lowest bidders, and sometimes three, in order to get the equipment in time; but the bids of all the lower bidders ran fairly close, always; there are two or three car builders that are usually high and won't make any low cars; take Jones of Troy; he is a high-priced man and will give you good work; and there are not many men in these days who are practical men that will pay the highest price, notwithstanding they get the best work.

Q. Something has been said here about the sale to the Brooklyn City and Brooklyn Heights Railroad Company of cars and rails by the two companies in which you were interested? A. Yes, sir.

Q. Now, what course was pursued in that case, where the Lewis & Fowler Manufacturing Company sold car bodies to the railroad company? A. That company received the specifications just the same as any other company would, and submitted its bid; the bids were opened and this committee referred them.

Q. That was composed of whom? A. For a long time of E. W.—

Q. I do not care; were you a member of it? A. Ex officio, only.

Q. And E. W. Bliss? A. E. E. Bliss, Frank Lyman, E. D. White, for a long period in the Brooklyn; then the Brooklyn Heights, I think, Mr. Bliss, Mr. Keeney and Mr. Hadden, most of the time.

Q. And this committee, composed in that manner, made the purchase? A. Yes, sir; personally, I did not supervise those specifications nor did I take any particular part in the negotiations; the general manager, who was Mr. Bogardus, who was general manager during the heaviest portion of that work, did that; the bids came to the committee of which I was a member ex officio, and the contracts awarded by them; that is, in relation to the cars.

Q. How in relation to rails? A. In relation to rails, it was the desire on the part of the company to make not only rails, but everything else which was possible to make uniform so that the duplication of parts could be used as fully as possible in repairs; we had suffered considerably in parts from different styles of rails in making proper joints; it was desired at the time to adopt a uniform rail, if possible; the two rails which were purchased were submitted to this same committee, consisting at that time of Mr. Bliss, Mr. Lyman and Mr. White; I told this committee that I was interested in one of those rails, and I hoped they would make a careful examination in order to get the best, and not to be in any way governed because I was interested in one; the representatives of these various companies appeared before this committee and made their explanation, having full-sized models present of their various rails; the Lewis & Fowler rail was adopted as the standard rail; it had its advantages so it was claimed, and for that reason, adopted; partly that, and partly because it was a cheaper rail; that is obtained at a lower price, although the weight was about the same; I preferred not to have any voice whatever in the selection of that rail, and did not have; the committee decided it themselves after hearing the representatives of these various companies; after the contract was awarded to the Lewis & Fowler Company, I requested this committee to take a mile or two miles of single track of Johnson type of rails; they were both larger rails, and they were the best we knew of at the time; we had no such a thing as a nine-inch girder or ten-inch girder at that time; it was not known; at my suggestion a mile or two of this other rail was bought; I wanted to try it in competition with the Lewis &

Fowler to see which was the best; I put the two on grades that were uniform of from 2 to 4 per cent., so it would test it better and quicker there, and we laid one-half mile of the Lewis & Fowler girder boxrail and one-half mile of the Johnson rail the same, we to see which was the best; that was done; where the work was done equally well I can see no difference in those rails, so far as wear and tear is concerned; I do see a great difference in maintaining, in cost of maintaining and pavement with a boxrail than with a head-nut smash simply a girder, where trucks would have a tendency to tip the block stone or gable stone under the rail and very quickly have the pavement out of repair; I have noticed, also, if the committee will permit me to explain, that where the Lewis & Fowler girder rail, this boxrail, was laid well, that it has worn better than the Johnson rail or Johnson type of rail; there are places in the city of Brooklyn to-day that show for themselves, being laid at the same time, where the boxrail is standing up better than the six-inch chair rail of the Johnson type; I do not say that one is better than the other, except the Lewis & Fowler has the box type and hence less cost in maintenance.

Q. While we are on that subject, you are aware that the statute prohibits the use of what is known by that statute as a center-bearing rail? A. Yes.

Q. In your opinion, what is the best rail with which to construct a street railway? A. To-day?

Q. Yes. A. I should take for ordinary purposes the nine-inch girder rail.

Q. Why a girder rail? A. Rather than a chair.

Q. Rather than a "T"? A. Rather than a "T."

Q. Yes. A. I think the "T" rail properly paved is a better rail than a nine-inch girder, but that would come under the head of a center-bearing rail and be prohibited by this law; I always thought so.

Q. They are laying "T" rails all over? A. It is a head.

Q. It is, in fact, center-bearing, but it is not a rail, as I understand, that is to be put out of existence by that statute? A. I

supposed it would be so construed for the reason that it has a tram to it simply as a thread.

Q. I am not much of an artist, but that is what I understand to be a center-bearing rail?

(Paper shown witness.)

A. Yes, that is a center-bearing rail; the "T" rail is that; the fact that it has not a thread such as the rise here —

Q. You think you could construct a better road with a "T" rail, a more solid road than you can with a girder rail? A. I do; yes, sir.

Q. And it has another advantage, has it not, that driving upon the street it is impossible for the entire foot of a horse to rest upon the rail? A. Yes, sir.

Q. And that is quite possible with your girder rail? A. Yes; very.

Q. Either the Johnson or the Lewis & Fowler? A. Yes, sir.

Q. Now, Mr. Lewis, are you familiar with the statute which is commonly referred to as the Cantor act, providing for the sale of franchises in cities of a certain class, which, in this State, includes simply the city of New York? A. Yes; I remember it.

Q. Do you know that it provides for the sale of franchises to the highest bidder? A. Yes.

Q. What is your opinion as to whether that method of disposing of franchises is beneficial to the municipality? A. I think for an act of that kind it does not go far enough in the first place; in the second place, a percentage bill of any kind, or a law which requires the highest bid or highest percentage of receipts charged to it, is subject to future legislation that it seems to me the interests of the city would be better protected by having the best lump sum price they could get for their franchises; they would then have this money in hand, and no further legislation could interfere with it.

Q. That is the Cantor act? A. No; the Cantor act prefers the bid; the kind I would suggest is a lump sum bid.

Q. The Cantor act allows either; you would do away with the percentage bid entirely? A. Yes, sir; take the Fulton street

road, where it was bid in at 30 odd per cent. of its gross receipts, where it has been impossible or unsafe to transfer that from the construction company to the railroad company until they got some remedial legislation referring it to the commissioners, readjusting it; no road could live on that bid, and any high bid would necessarily have to be readjusted later, or send the road into bankruptcy; I do not believe it is for the interests of the city to invite either of those resorts; I think the city ought to be guaranteed in getting a road that is bid for; it is a matter of history where railroad companies have been in for speculative purposes, and often amount to nothing, and have been abandoned; I think a city, when a railroad is put up for sale, they should be guaranteed in the building of that road; I believe if a percentage bid is considered best, it should be surrounded by safeguards, such as would compel the building of the road or franchises sold; as I said before, the objection to percentage is, that it is subject to reductions later, whereas, if there is any competition, the city will get all that a franchise is worth by having a lump sum bid, and it will have the money in hand good for all time; even in a lump sum bid, I think the building of the franchise should be guaranteed by proper safeguards — so much per mile, which could be withdrawn on proper certificates.

Q. What would you think of the advisability of legislation fixing the rate of fare to be governed by the net earnings of the road, or any sale of the franchise? A. That is, after the net earnings reached a certain point, the fare to be reduced?

Q. Yes, sir. A. In one sense it would be good, I think, for the masses; they would receive a benefit for it.

Q. Do not you think the masses are entitled to the benefit of the use to which the public streets are put? A. I think they are as far as possible; I think there are other considerations, however, except a low rate of fare that should be considered by our lawmakers, and that is the class of road, the kind of equipment, the kind of maintenance; I think any legislation to restrict to the lowest rate of fare would have a corresponding tendency to restrict the improvement in railroad construction and equipment;

if you will notice the history of railroads in the State of New York, where there has not been ever graduated of restriction of the kind you have referred to, improvements have taken place, we have gone from the old stage bodies on swivel tracks to the electric cars of to-day, running through the square cigar box cars to the swell cars, from there to combination motors, steam, from that to improved motor drawing cars behind them, and from that to electricity; now, if there is a disposition to restrict companies, or particularly, if the restriction is anyways severe, I am afraid the public would not get the benefit of that improvement from time to time; those are the two sides of that question, in my opinion.

Q. Well, if the legislation provided a graduated scale or rate of fare proportioned upon the net earnings, why, of course, it would leave the company in a condition to regulate that equipment, or to supply that equipment precisely as it is now? A. If there should be no restriction in that.

Q. Wouldn't there be a tendency on the part of that company to furnish better equipment out of the five-cent fare, if the five-cent fare carried them beyond a certain amount in net earnings? A. I think that is so; I think it would have a tendency to no reduction in fare.

Q. They would get better accommodations, then? A. Yes.

Q. In other words, that class of legislation would practically put beyond the power of a street railroad company to pay a greater dividend than a certain rate? A. Yes; I think, however; if there was legislation of that kind effected, there should be certain leeway allowed to railroad companies over and above fixed net earnings to be distributed among stockholders as a reserve fund for contingencies.

Q. You might fix that a certain per cent. of the capital stock?

A. Yes, sir.

Q. That would be conducive to more water? A. It would not be necessary, perhaps, to that extent.

Q. I do not know whether I asked you the question, Mr. Lewis; do you think it would be a good idea for the Legislature of this

State to absolutely prohibit the watering of stock? A. I think it would be a very great advantage.

Q. By keeping capital out of it? A. Yes; I think it would retard very much the development of cities if such legislation was effectuated.

Q. I will take for an illustration, the Brooklyn Traction Company and the Long Island Traction Company; now, those two companies were organized here and their stock is very largely watered; what I mean by that is, a small amount of money was used to acquire all the stock of those companies as compared with the total amount of the capital stock; so that in one case it represented 15 cents on a dollar, and another perhaps 30; do you think the statute ought to permit the issuing of stock by a corporation on any such basis? A. I think if it would have a tendency in any way to increase the population or add to the taxable value of a city, I think yes; I do not see where there is harm in it; it is not as though it was done under cover; it is done openly; people know how much cash there is in its securities, and they gauge its value accordingly.

Q. Take, for instance, your Long Island Traction Company; they paid 15 cents on a dollar, and soon people were buying that stock at 60 cents? A. I did not know it was selling as high as that.

Q. I think Mr. Hollins stated that; it was above 50, anyway? A. I never heard of it above 47.

Q. Mr. Gleason says he stated some of it sold as high as 60; now, the purchaser of that stock at 60 probably had very little knowledge of the actual tangible assets of the company at the time he made his purchase? A. I think he would be responsible for that.

Q. Very likely; legally chargeable with a notice of it, but you know that is not the way those things go; you take the Brooklyn Traction Company and its \$9,000,000 of capital was issued and paid off the \$1,200,000 of the stock of the Atlantic Avenue, which sold to the syndicate who traded it to the Brooklyn Traction Company, who paid \$6,000,000; the result is, the Atlantic Avenue

stock has gone down below par, and the Brooklyn Traction stock was selling at 30 in a very little while? A. That is, the preferred stock was selling at 30?

Q. No; that sold at 80; the common sold at 30; you see, someone made \$1,500,000 out of that? A. Is there any objection to making a profit?

Q. The point I am getting at is this, is it wise for the city to permit the corporation which is a creature of the statute, to issue and put forth capital stock to that extent without receiving anything substantial for it; or, in other words, less than par? A. If you limit it to less than par, I should think it very bad legislation.

Q. Say less than 80? A. And I still think so.

Q. Have you in mind any limit you would fix on? A. No; I don't know as I have given that careful enough study; we limited our Long Island Traction stock at 15.

By Mr. Nixon:

Q. Would you suggest lowering that? A. No, I think not; I think that is low enough.

By Mr. Wade:

Q. Something has lowered it? A. In the market?

Q. Yes; have you ever known of a corporation organized like either of those traction companies, and the stock put out in the manner of those companies, where it succeeded? A. Yes, sir.

Q. I mean, in the railroad business? A. I do not know as I am familiar, exactly, with the different arrangements made in the various cities, but it has been done more or less in all the large cities, and it is only a few of them that have been unsuccessful; this company would not have been unsuccessful if it had not been for the strike; we turned the corner the 1st of January with a profit, notwithstanding the adversities we were pursued with from the time we arranged the company until January 1st, or until the time of the strike; if that company had been organized with more working capital it would have been successful to-day

and would have been of value to-day; it is something I believe would develop the whole surface transportation of the city of Brooklyn; I so believe; but the panic and the strike following it resulted in misfortune.

Q. I do not see why the Brooklyn City and the Brooklyn Heights could not have done all that has been done without the Long Island Traction Company? A. That might be, if they had a liberal policy; I do not know how far the Brooklyn Heights or the Brooklyn City would have gone in consolidation of the interests, and I feel satisfied consolidation of all the street surface railroads would be a very great benefit to Brooklyn.

Q. Why not consolidate, and consolidate? A. You can not do it by the ordinary means of consolidation, in the lease and purchase of the roads, which the law provides must take some other course, which other course was taken in this instance.

Q. How many cars, Mr. Lewis, does the Brooklyn City own? A. I think the Brooklyn City and the Brooklyn Heights together own about 1,800 or 1,900; that is, the open, inclosed and steam cars.

Q. To what use do they put the steam cars? A. We run two lines by steam a little on the outlying sections; we did have three.

Q. How many do you run daily? A. I think where you take the short cars, such as we term trippers, and full-day cars, I should think between 800 and 900.

Q. Are you familiar with the car bodies that are called vestibule cars? A. Yes, sir.

Q. Have you ever ridden upon them in the vestibule with the motorman? A. I beg pardon?

Q. Have you ever ridden upon them in the vestibule with the motorman? A. Oh, yes.

Q. What is your opinion as to the advisability of enforcing the use of vestibule cars on the Brooklyn surface street railroads in the winter time? A. I think it would be a very great mistake; a very great mistake; I believe a vestibule car should only be used, if used at all, in the country, where the climate is severe in winter, and where it is absolutely necessary to protect the

motorman from the weather; I think in large cities where the motorman is protected by the buildings themselves, and where it is absolutely necessary to have his best senses, so far as his view is concerned, you should leave him as free as possible; my experience during the past 27 years leads me to believe that you can not be too liberal in giving the motorman the best view and the best advantages possible in order to avoid accidents.

Q. You think they can not be successfully operated here? A. Not in cities; I think the accidents would be three or four fold, compared with what they are to-day; then there are some practical reasons against enforcing vestibule ends, or the use of them; that is the manner in which our cars are constructed now, there being a certain width of platform, the platform-sill running from the body of the car to the end is a certain length; to put a vestibule on that car, with your break-handle going over the end a distance of 10 inches, would necessarily either mean an extension of your platform to allow the brake to be used, or else move your break in, or else have the vestibule below the line, which would leave no room for people to pass through between the body of the driver and the car.

Q. There ought not to be? A. Yes; I think it would be very unwise to close your front door in cities; it compels a crowding, not only inconvenient, but indecent, at times; people ought to have every means possible of ingress and egress.

Q. When you are running closed cars do you permit people to go on and off at either end of the car? A. Certainly; but the ingress and egress is only from the side nearest the curbstone; we do not let them go on the other side of the car; we guard the rear and front platform by the gate.

Q. You can change that gate when you go the other way? A. Yes, sir.

Q. Now, Mr. Lewis, don't you think there is a necessity for a motorman operating one of these cars to be absolutely alone? A. We, under our present system, keep him in that way.

Q. You can not keep him in that way and have people passing on and off? A. That is while the car is standing still.

Q. They jump off and on? A. Some men do.

Q. To that extent it attracts his attention? A. I do not think it does to any great extent; by allowing the front door to be used I think the advantage more than compensate for all interruption of the motorman.

Q. That would be all right if the consequences of an accident were not so serious. A. The accidents do not occur in allowing that to be done; I have yet to know of the first accident due to that cause.

Q. The papers record these roads as having killed upwards of 100 here, in one manner and another, A. I have never seen any affidavit as to the accuracy of the statement, though.

Q. I have not; I do not know whether it is accurate or not; you appreciate that every safeguard ought to be resorted to in the operation of these cars? A. Which is reasonable; yes, sir; I think reason should be exercised in any rule or law governing the operation of cars.

Q. Supposing one of your cars is just about to cross the street, and at that instant it is meeting another car on another track; is it required to stop before crossing? A. Yes; in every case.

Q. To come to a dead standstill? A. Yes; the motorman waits for a signal from the conductor to go ahead, before he is permitted to start.

Q. They do not follow that rule? A. They may violate it occasionally, but it is met with very severe treatment by the officers of the company if it becomes known; we will not permit a man to stay who violates the rule.

Q. That car passing there, in approaching the next corner, if it approaches another car, the motorman should stop his car before passing the other car? A. Yes, sir; and he has stopped now.

Q. How much of this track is laid in streets that are paved? A. I think we run upon no tracks except where it is paved in between the tracks, and in a very large majority from curb to curb; wherever we have extended into the country we have paved between our tracks, and two or three feet outside of our tracks.

Q. So that it is substantially all paved? A. We have none in use in any other way.

Q. Was that so prior to the time you electrified your road?
A. Yes, sir.

Q. Did your horse lines run out into the country where the street was paved simply between your tracks and two feet outside? A. Yes, sir.

Q. And how much of this reconstruction of extension at and after the time you commenced to electrify the road, was built upon streets that had not been previously paved at all? A. I should think about 30 miles of single track.

Q. And there you were not compelled to take up pavement, but you did put it down? A. That is right.

Q. How many generators has the Brooklyn City Railroad Company? A. In its eastern station we have four direct connected generators mounted on the shafts of the engine; in the southern station we have twelve generators to six engines, running them in pairs on a pulley between the generators, the generator mounted on the shaft and each side of the pulley; at the Ridgewood station we have six generators operated in the same way; the station and the Ridgewood stations being belted equipments.

Q. You have eighteen belted equipments and six direct connection? A. Four direct connection.

Q. Twenty-two in all? A. Yes, sir.

Q. Can you give us about the expense of those four direct connected? A. I think the four cost on an average \$45,000 each; it was the largest generator of that kind that was ever made at that time; it was made under our specifications, and probably could be built to-day very much cheaper than the price we paid for it at that time; partly for the reason it was an entirely new thing, partly experimental, so it necessarily cost much more; and, second, the improvements adopted in the manufacture of those machines and the reduction in the cost of labor and other directions has made equipment very, very much less than it was when we contracted for those large machines.

Q. What did the 18-belt connected cost? A. I think they cost about \$10,000 or \$11,000 each.

Q. I do not think of anything more, Mr. Lewis, that I wish to ask you; if anything should come up we will want perhaps to send you word, and you may run over for a short time.

Recess until Wednesday, August 7, 1895, at 10 a. m.

The committee reconvened at the Surrogate's Court, in the city of Brooklyn, Wednesday, August 7, 1895, at 10 a. m.

John Steiner, called and sworn, testified:

By Mr. Wade:

Q. You reside in Brooklyn? A. Yes, sir.

Q. What is your business? A. Railroading; motorman on the De Kalb avenue line.

Q. How long have you been engaged in that business? A. Twenty-nine years on the De Kalb avenue line, and three years on the Brooklyn City.

Q. How long have you been running a car as motorman? A. Little over two years; ever since the road started.

Q. What kind of car do you run, open and closed both? A. We have closed cars first, one of the old ones, and now we have got new ones.

Q. Have you any vestibule cars on that line? A. No, sir.

Q. What do you think, Mr. Steiner, as to the practicability of running vestibule cars on these crowded streets? A. Well, I think it is kind of a dangerous idea, because you can't see everything before you that you want to in foggy weather; they do well enough if fine outside; but I do not think nothing about it.

Q. Have you ever had any experience in running a vestibule car? A. No, sir.

Q. You have seen them? A. Yes, sir; seen them most every day, but I do not think much of them; I had sooner have an open car where I can see and hear everything.

Q. You think the advantages of an open end are greater than the vestibule? A. It is more safer, in my idea.

Q. What rules do you have about meeting cars on street crossings? A. The rule is now, we have to stop on the first crossing, on the first crossing before we come to a cross street.

Q. If you meet a car? A. No matter; yes; we stop for passengers on the first crossing and we slack off on every cross street, and on the railroad crossing we stop cars.

Q. Supposing you are running along Fulton street and you are meeting the car right at the street crossing? A. We stop.

Q. You should stop before crossing? A. Yes, sir.

Q. And what rule have you about obtaining control of your car before making any street crossing? A. We run right along so long as there is nothing in the way; if we meet no car we take the car right along there.

Q. What kind of brakes do you use on your cars? A. We have the Westinghouse brakes; very good brakes; I believe the best brake in the city.

Q. How fast do you run your cars? A. According to the city ordinances.

Q. Supposing you are running car at six miles an hour, in what distance can you stop it? A. I can stop it in eight feet.

Q. What? A. I can stop it in eight or ten feet.

Q. Running six miles an hour? A. Yes; that is very slow gait; that is slower than a horse gait, most.

Q. In some parts of the city do the ordinances permit you to run faster than six miles an hour? A. Yes, sir.

Q. How fast is the fastest? A. Ten miles would be little enough.

Q. In what distance can you stop a car running 10 miles an hour? A. You can stop it just as well; you might put a few inches to it; I could stop it in 15 feet, I think.

Q. That is not a car length, is it? A. That is about a car length.

Q. Do you mean to say running a car 10 miles an hour you

could stop it in a car length? A. Might be a little further, but not much.

Q. Do you do that by reversing? A. No; we have good brakes; in case it is necessary we reverse it and it stops altogether.

Q. Have you ever had any experience in using air brakes? A. No, sir.

Q. What kind of fenders do you use? A. We have got kind of mouldboard in front of the wheels.

Q. You do not use any other fender? A. Not this kind what the other roads has on.

Q. Have you ever had any experience of using a fender of that character? A. For my part I would do without fenders altogether; I have seen the time where fenders knocked people mostly down, right on Fulton street; the best fender is for the motorman.

Q. You think he is the best fender, do you? A. Yes.

Q. You know they are not all alike? A. I never had no accident whatever.

Q. You never ran into anybody? A. Never.

Q. How close to the track is it practicable to use those fenders, how close to the rail? A. These fenders what I see, I think it is about a foot from the track.

Q. Might they not be used closer to the rail than that? A. Some of them are closer to it.

Q. What is the advantage of having the fender a foot above the rail? A. I do not know; I suppose the idea to knock the people on the leg and knock them on the fender.

Q. Suppose you had it closer to the rail and knocked them on the foot; if that fender is closer than six inches to the rail is it liable to catch in the rail? A. It might, some part of it.

Q. In making a trip on the line which you run upon, how far do you go? A. I think it is about four and one-half miles.

Q. Four and one-half miles one way? A. One half, yes, sir.

Q. That would be nine miles in making the round trip? A. Yes.

Q. How many of those do you make in a day? A. Eight.

Q. Is that a day's work on that line? A. Yes, sir.

Q. Supposing you make more than that? A. We do not make no more than that.

Q. How long do you have to run to make the eight trips? A. It takes 12 hours.

Q. Is there any extra compensation for making more than the eight trips? A. That is, in case they get blocked or so, they get paid for it; otherwise it is not compulsory to run over eight trips.

Q. What compensation do the motormen receive for the eight trips, how much? A. There is different trips.

Q. The ones you make? A. I make five trips and three ferries; ferries pay 30 cents a trip and bridge runs 27 cents a trip; I make \$2.25 a day.

Q. You are paid by the trip? A. No; we get our full day's work; in case of a fire, and we lose a trip, we get paid for it; in case something breaks down I get my full day's pay for it.

Q. Two dollars and twenty-five cents? A. Yes.

Q. How many cars do they run on that line? A. They run from 72 to 78.

Q. Steadily? A. I don't know exactly how many they have now; they take some off and put some on again.

Q. Do you have regular hours you work in? A. Yes.

Q. You commence when? A. I commence at 6.08 and get through at 6.08.

Q. In the morning and evening? A. Yes.

Q. Others commence later and get through later? A. Yes, sir.

Q. In the winter time, Mr. Steiner; take last winter, for instance; was it pretty severe weather here a portion of the time? A. Sometimes; yes, sir.

Q. Was last winter as severe as you usually have? A. No; I do not think so.

Q. You think you have seen worse weather? A. I have seen worse weather 20 years ago.

Q. Take it in extreme cold weather, do you know what the difference in temperature would be inside of vestibule and in open end cars? A. Yes; with cold weather is; but the danger is there.

Q. But you do not think a man can do nearly as well nearly frozen? A. We have rubber coats, and we have gloves, and if we had one of those cars to-day I had rather run an open platform; you can't hear; in cold weather you can't look through those windows so safely.

Q. You think you can handle an open-end car much better than you can a closed? A. Yes, sir.

Q. That is, with much more safety to the people on the street? A. With more safety to the public.

Q. Supposing you could have all vestibule cars between the 1st of November and 1st of April; would you have them put on? A. If I couldn't get anything else.

Q. If you had your choice? A. I say, I had sooner have the open cars.

Q. I think that is all.

John L. Heins, called and sworn, testified:

By Mr. Wade:

Q. You reside in Brooklyn? A. Yes, sir.

Q. You are superintendent of what road? A. The Brooklyn City and New Town road.

Q. How long have you been engaged in that business? A. Since 1860, in the railroad business.

Q. How long have you been superintendent of this road? A. Eleven years.

Q. And you were such at the time it was changed from horse power to electricity? A. Yes.

Q. How long ago was that? A. Eighteen hundred and ninety-two; about three years; the DeKalb avenue.

Q. How much track has that road? A. Fifteen miles; two miles.

Q. The DeKalb Avenue, and what? A. And Franklin.

Q. That is, 15 miles of single track? A. Yes.

Q. At what point at or near the bridge does it commence? A. The DeKalb Avenue line commences at Fulton ferry.

Q. The Franklin Avenue? A. At the Grand street station, Williamsburgh, and runs to Prospect Park.

Q. And the length of that line is what? A. About four miles.

Q. Are they in any way connected, the two lines? A. They are one company.

Q. I mean, are the roads connected? A. We cross and transfer in the center at DeKalb and Franklin.

Q. You have a transfer station there? A. Yes, sir.

Q. Have you any other transfer stations on your line? A. That is all.

Q. That is the only transfer? A. We transfer 8,000 or 10,000 people a day at one point.

Q. As superintendent, do you have charge of the running and operating the road? A. Yes, sir.

Q. Did you prescribe the rules, or make the rules, governing that? A. The president got up this book of rules we have now.

Q. Are you familiar with them? A. Yes; I know most of them.

Q. Your road is a double-track road? A. Yes.

Q. What rules do you have governing the motorman as the cars meet upon the street crossings? A. Whenever they are letting off passengers the other car is to stop; we stop at the first crossing, and then when they are letting off passengers they are to stop; not to meet on the crossing; not to pass on the crossings, since this last ordinance.

Q. When was that last ordinance passed? A. I think in March; I think that is a special order, but I am not certain; I do not think that is inserted in our book of rules.

Q. It is of the same force as if in the rules? A. Oh, yes.

Q. And the idea is to prevent the meeting and passing of cars on street crossings? A. Yes.

Q. None of your cars on the DeKalb Avenue line run on the Franklin Avenue line? A. No, sir; they run onto some, or did, some days when we want extra cars.

Q. They do not go a ways on the DeKalb Avenue line, then on the other line? A. No; they are both separate.

Q. You are running about how many cars on the DeKalb Avenue line? A. We are running, I think, about 73 this week; we have taken off 15 or 16 cars on account of the speed ordinances.

Q. How many on the Franklin Avenue line? A. Thirty-eight week days.

Q. One hundred and eleven, altogether? A. Yes, sir.

Q. Each car is supposed to make how many round trips in a day? A. Eight; full-day cars.

Q. You commence running the cars at what time in the morning? A. Five o'clock.

Q. And run how long? A. We run all night on DeKalb avenue.

Q. Do you run the 73 cars? A. No; we do not run over, probably, after 9 o'clock at night, not over 15 or 16 cars; from 12 o'clock until 5 in the morning, 3 or 4.

Q. How many round trips do you make over that road in a day? A. I should say we would average 425; we may average 450 trips a day the year around.

Q. How is it on the Franklin Avenue line? A. About half that.

Q. Are you over the line of the road frequently? A. Every day.

Q. Watching the management and operation of the cars? A. Yes; we have inspectors for that purpose; I drive over both roads maybe two or three times a day; and some days perhaps not more than once, but we have inspectors on them night and day.

Q. Their duties are what? A. To watch the general operations, to see the men run careful, and, in case they are blocked, to break the blockade.

Q. Do you have a system of reports from the various departments made to you daily? A. We have an accident report which conductors are supposed to make out in case of accident; and any detention on the road they would report.

Q. Are any breaks on the cars reported? A. That is generally reported when they get to the depot foreman; if there is anything out of order we have pits, and if the motorman comes up and his car is out of order he would stop directly over the pit; if only some screw out or repair that could be made on the main track, he would not go on there.

Q. Have you ever had any experience in operating on your lines, vestibuled cars? A. No, sir.

Q. Have you observed those cars on other lines? A. Yes, sir.

Q. Have you ridden in the vestibule when the cars were running? A. Yes, sir.

Q. With an idea of familiarizing yourself with the feasibility of the use of that car? A. Yes, sir.

Q. Have you made a sufficient examination and study of that question to satisfy yourself as to whether it is practicable to use it in Brooklyn? A. I do not think it would be, in the crowded cities; I think it would be very injurious and dangerous to the public and to the railroad companies.

Q. Do you think the dangers from the use of a vestibule car on the crowded streets are greater than the advantages to the motorman of having a closed car? A. Yes, sir; in — my experience with railroads in the horse business or stages before we ran railroads, I never had a driver frozen, or I never had any complaints from them; I think the majority of the men had rather have it open if they had it their way, running a car through the streets.

Q. An act was passed by the Legislature last winter, providing for the transportation, free of charge, of policemen and firemen while on duty; is your company observing that law? A. Yes, sir.

Q. How do you do it? A. The firemen in uniform are reported by the conductor and not registered, and the police the same way; they are to show a ticket or pass, I believe, signed by the mayor.

Q. A certificate? A. Yes.

Q. The statute provides the mayor shall furnish them with a certificate? A. Yes.

Q. And on the presentation of that certificate you permit them to ride; have you any method of keeping a check on the business

for the use of that certificate? A. We do not register them; we just make a note on the book of the date, car and number.

Q. Prior to the adoption of the new Constitution, was it the custom in Brooklyn, so far as you know, to carry policemen free of charge? A. Yes; it was.

Q. As a practical street railroad man, would you prefer to transport policemen free of charge than to collect of them, fares?

A. Well, I think there is some advantages; there is some little benefits to be derived in case of a block along the line.

Q. It is not infrequent that you have to call on them for some service? A. No, sir.

Q. Do you think you are liable to get better service? A. That is a hard question to answer; some abuse it and some appreciate it; some would sit on a car, and if blockaded a long time, would not get off; that would not apply to them all; I have see some ride and not do it; some men appreciate a good thing and some do not; they should not all be published for one; the firemen can sometimes let a car go through where they feel so disposed, and save quite a little time at a fire.

Q. Are you familiar with the financial condition of your company? A. No, sir; I am not; I do not know much about it; I know the amount of stock and bonds, and that is all.

Q. What is the amount of the bonded indebtedness? A. Two million dollars, and \$1,000,000 stock.

Q. Has the road paid any dividends recently? A. Yes; 10 per cent.

Q. Each year? A. Yes; I say each year; we paid it about a year; we paid 8 per cent. previous to that, I think.

Q. Do you think the investment in the electric road to-day as good as it was in the horse car line before it was electrified? A. In ours; yes, sir.

Q. Do you think that is true as a general thing? A. That would be a hard thing to say about others; I do not suppose I would be competent to judge that; ours, I consider the investment good.

Q. Is there any difference in running a car over your line by

electricity than by horse power? A. I should think there was a little.

Q. Which is the more expensive? A. I should think the horse car was a little more expensive.

Q. That is, for a given trip? A. Yes, sir.

Q. Does your road pay to the city, anything for the use of its franchise? A. Yes; it pays taxes on its tracks.

Q. I mean, does it pay a percentage?

By Mr. Nixon:

Q. Does it pay any percentage of its receipts, or anything of that kind? A. I think so; I am not quite positive as to that; I could not tell you; there is a tax paid.

Q. That is the same as any corporation; but do you pay any percentage for the franchise, any special tax? A. Not that I know of.

By Mr. Wade:

Q. Your fare is 5 cents? A. Yes, sir.

Q. Do you make any difference in different hours of the day? Do you sell anything on your road excepting single tickets at a time? A. We have tickets, but we do not sell a great many of them.

Q. What are they, books? A. We have tickets, cash tickets, 5 cents, 20 for \$1; sometimes people prefer to have a lot of tickets, and they come to the depot and buy packages of tickets.

Q. At what hours of the day is your traffic greatest? A. On DeKalb avenue it is from, say—from 7 o'clock until 10 in the morning, and from 4 until 7 at night; we will say from 4 until 9 at night, including the theatre.

Q. On your lines do many people ride who are laboring men, going to and from their work? A. Yes; we carry a great many people.

Q. At what hours of the day do they ride? A. From 5 o'clock until 7 in the morning, and from 5 to 7 in the evening.

Q. Have you ever tried putting out a ticket between those hours, and selling 25 for a dollar? A. No, sir.

Q. Have you ever been connected with any road that did that? A. No, sir.

Q. Don't you think the road could afford to put on a ticket good between 5 and 7 in the morning, and 5.30 and 7 in the evening, at that price? A. It might be; that is a question that a trial would develop the good and bad points in it, probably.

Q. By doing that wouldn't you be benefiting a class of laboring people that ride to and from their day's work during those hours? A. Up to the last two or three years our people had never had any interest on their investment; they had run twenty-five years without any interest on it, and I guess they thought they had a pretty hard row to hoe, themselves; our road never paid any dividend until three years ago; I do not think they felt like giving anything away.

Q. Wouldn't it be likely to increase your traffic enough to compensate for it? A. I do not think so.

Q. Supposing, Mr. Heins, you were compelled to do one of two things; make and sell a ticket of the character of which I have spoken, or pay into the treasury of the city one-half of 1 per cent. on your gross receipts, which would you prefer? A. I suppose we had rather make a ticket and sell tickets.

Q. What are your gross receipts per year; about what? A. I don't remember exactly; our DeKalb Avenue line averages about a thousand dollars a day, and our Franklin Avenue about \$350 or \$400 a day.

Q. A little over \$500,000, both of them? A. Yes; that is, from memory; that is a guess.

Q. Yes. A. Our report will show you.

Q. Yes; I haven't got that before me; now, one-half of 1 per cent. would be about \$2,500; the difference on the sale of the tickets I have spoken of would amount to more than that, wouldn't it? A. I should think it would; I haven't thought much about it.

Q. Don't you think rather than that money should go into the treasury of the city—supposing you were now acquiring a fran-

chise to begin with—don't you think it would be better to benefit a class of people I have spoken of? A. I certainly do.

Q. Than it would putting it in the city treasury? A. Yes.

Q. And diminish the tax of the property class of people who rarely use the street cars? A. I would rather see them have it; that would be my choice; we would have a chance of getting some of it back.

Q. How do you mean by that? A. I say we would have a chance of increasing the business.

Q. I don't know that I think of anything more?

Recess until 2 p. m.

Pusuant to adjournment, the committee convened at the Surrogate's Court, Thursday, August 8, 1895, at 10 a. m.

Frank P. Austin, sworn, testified:

By Mr. Wade:

Q. You reside in Brooklyn? A. I do; yes, sir.

Q. What is your occupation? A. I am a motorman for the Brooklyn Heights Railroad Campany on the Gates avenue line.

Q. How long have you been engaged in that occupation? A. I have been with the company since about the middle of February or the first of March.

Q. Eighteen hundred and ninety-five? A. Yes, sir.

Q. Prior to that time had you any experience in that business?
A. In the railroad business; yes, sir.

Q. As motorman? A. No, sir.

Q. In the railroad business? A. Yes, eleven years.

Q. Of what character? A. With the New York, New Haven and Hartford and the New York Central people.

Q. Steam railroads? A. Yes, sir; and Broadway road, New York.

Q. That is a cable road? A. Yes; that was when they had horses there.

Q. What are the character of the cars you have been running, are they open front or closed? A. We have the regular closed car and open car.

Q. The front? A. The front is all open; we have no vestibules.

Q. In running the line you run, do you run on Fulton street? A. Yes, sir; from the junction of Green avenue to the Ferry.

Q. What distance? A. Perhaps two miles.

Q. In your opinion, would it be practicable to run vestibule cars on that line? A. No, sir.

Q. Why not? A. The only good thing about it is, it would be a good thing for the motorman and protect him; so far as the company and accidents are concerned, it would not be practicable; in the first place, your closed windows and doors is obstructed in winter weather by rain and sleet freezing on them; the platform would necessarily have to be longer, or else put the brake handle back in the center of the platform; if you leave the windows down from the top you are in danger of draft, and the frame work and all tends to obstruct the view of the motorman.

Q. Is the character of the traffic on that line such as requires that the vision of the motorman be unobstructed? A. Especially on Fulton street.

Q. The traffic is congested on that street? A. Yes.

Q. You think that would enhance the danger materially? A. I do.

Q. Running your cars six miles an hour, that is, supposing it is running at that rate of speed, how quick can you stop it? A. Under ordinary circumstances I can bring a car running six miles an hour to a standstill in its own length; yes, quicker than that.

Q. Quicker than that? A. Yes.

Q. Ten miles an hour? A. You can bring it to a standstill in its own length.

Q. By reversing, that is, the quickest way you can stop is by reversing? A. Yes; but I can use the brakes and when the

brakes are in good order a car can be stopped in its own length running six miles an hour.

Q. To do that it would be necessary for the track to be dry? A. Our cars are all equipped with sand boxes; with one jerk of the lever you can get enough sand to stop a car.

Q. Have you had any accidents on your car? A. I have had two accidents.

Q. Running into someone? A. No, sir; I never had an accident of that kind.

Q. How fast do you think cars could be permitted to run on Fulton street with safety? A. Six miles an hour; that is fast enough.

Q. How fast off from that street? A. Off from that, from the junction of Green avenue to Ridgewood eight or ten miles an hour with perfect safety.

Q. About what is the length of that line? A. Of the Green and Gates avenue line?

Q. Yes. A. From the ferry to Ridgewood, Fulton and all?

Q. No. A. Just from the Junction of Green?

Q. Yes. A. I think about five and one-half miles; I am not positive about that.

Q. Do you find in operating your cars, any especial danger of cars meeting and passing on a street crossing? A. Now, let me see if I understand what you mean.

Q. You approach a crossing from one direction, and you meet a car on the same line going in an opposite direction? A. The one crossing me; I find no danger in passing a car in going in the opposite direction.

Q. You do not understand; you are going on Gates avenue at the rate of 10 miles an hour? A. Yes.

Q. And you meet another car going in the opposite direction over the other track at the same rate? A. Yes.

Q. Those cars meet right on a street crossing? A. They are not allowed to.

Q. They do do it? A. When they do that they are violating the rules of the company.

Q. Do you regard it as a dangerous thing, cars running at that rate of speed to meet and pass each other on that crossing; I mean, dangerous to the people on the street; I do not mean dangerous to the car? A. Yes, I would.

Q. If you were making the rules for the company, would you allow two cars to meet on the crossing? A. I should require the motorman to slow up in crossing all streets.

Q. That is, irrespective of whether you meet another car there or not? A. Yes; and before you come to the crossing of another track, come to a dead standstill.

Q. Yes; but supposing you are running out on Gates avenue and another car is coming along, and you see that if both of you continue you will meet on a street crossing, would you permit those cars, if you were fixing the rules of the company, to meet and pass on that street crossing? A. No, sir; I would compel one or the other to wait before crossing.

Q. Would that rule, enforced, materially retard the progress of the car over the line? A. It would some.

Q. But you think the additional security by that method would be greater than the inconvenience of a little more time in operating the car? A. Yes.

Q. Why is it, Mr. Austin, that the guards in front of the cars—
A. The fenders, you mean?

Q. Yes; are so high above the rail? A. The fender we have at the present time, take some of these cars that have a great deal of motion to them, up and down; the joints of the track are not always even; there is a gang of men repairing the track continually, keeping the joints sticking up, and the pavement taken up to repair, and gas mains or sewer pipe, and the jarring of the car catches that obstruction and away goes the whole front of your car.

Q. Is there any danger of its wrecking a fender six inches high; would that strike the track? A. No.

Q. You know these, they are from 10 to 12 inches high? A. I have not seen any.

Q. You look when you go out and you will see some. A. I have not seen any 10 or 12 inches high.

Q. I want to inquire if you do not think that the fender could be operated conveniently six inches above the top of the rail? A. Yes.

By Mr. Nixon:

Q. You say the city ordinances only allows you to run six miles an hour on Fulton street and eight or ten on the other streets; what do you know about the rate of speed that would indicate it? A. We have nothing to indicate.

Q. It is in the judgment of the motorman? A. Yes, we have to use our own judgment; we have our regular time card; between certain blocks we have certain time to get from one to the other; the Gates avenue in the time of the horses was 48 minutes; it is now 55.

Q. Where you have nothing by which to regulate your rate of speed or indicate, you can not tell whether you are running four miles or fifteen? A. Yes, sir.

Q. It is simply with the motorman according to the best of his judgment? A. Yes.

Q. There is no mechanical device to indicate the rate you are running? A. No, sir.

Q. There is nothing in that ordinance that compels you to have anything upon the car to show how fast you are running? A. No, sir.

Q. Do you think the majority of motormen can tell how fast they are running? A. I doubt it.

Q. Do you think you could tell between eight and ten miles? A. I do not think I could.

Q. Could you between nine and twelve miles? A. Yes, I could tell the difference between six miles an hour and ten miles; the trouble is, in Brooklyn, we go so slow; we only make five trips to Ridgewood, and we used to make six.

Q. The question of danger arises in running your cars at a high rate of speed? A. Yes.

Q. You might run twenty-five miles an hour on one end of the line and six on the other? A. Yes.

Q. You might run between two blocks at a high rate of speed? A. Yes; for instance, if we lost a minute or two we could make it up.

Q. So, under this ordinance, by which your rate of speed is governed, there is nothing to show whether you are living up to the law or not? A. No, sir.

Michael Rayfield, called and sworn, testified:

By Mr. Wade:

Q. State about your organization, and the object of it, and as to your idea of the scope of this committee? A. I was requested by the Municipal Ownership League to be present with a delegation from that organization, in order to express any sentiments that I feel in connection with the matter under investigation; I am not prepared with facts and figures the same as some other friends in the organization are prepared to present; I only desire, in connection with the request, to express in a general way my sentiments regarding the matter; the notice being so short that there was hardly time, having to work every day for my living, I have not always had time and opportunity to prepare myself as I should do; in a general way I would say this: That the difficulties that have been brought to public notice of late in connection with this matter could all be obviated, it is my belief, provided there was other methods employed in controlling the railroad; the difficulties have been of such a nature, according to my observation, that under the city control or in any other way that could be applied, outside of the control of corporations, or private individuals; I think the difficulties that we have been confronted with of late are sufficient to convince any reasonable person of the justice of the claim of the members of this organization and the citizens generally; we find, as you have probably

heard before, that in our post-office departments, in other affairs where the employes are employed by the government, there never is a difficulty; only recently we had the good fortune to the people connected with the post-office — I speak of the clerks particularly — where they obtained an increase of wages without the least trouble; they obtained it simply by asking for legislation, and there was no trouble, whilst we find so long as these railroads are controlled by private corporations, the moment a man has the temerity to ask for increase of wages, just so soon is he ostracised and sent adrift, just as people were in olden times, in the case of Hagan and Ishmael; now, these are called the people who are making all the trouble; they would find these people would not make any trouble if they simply assented to any of the conditions made by the railroads; the question of employer and employe are matters that certainly require some consideration from this committee, for it is only from that source that this whole question developed; had not the difficulty occurred at the beginning of this year, possibly the creation of this committee would never have been called for; now, then, we find in the various countries, such as England and Germany, and, I believe, in Canada, in some way or other the municipalities control certain features that are a benefit to the community, and there we find very little difficulty; so long as the city or the municipality, if you please, takes control of affairs, I am sure the community in general will be far better served than by the individual methods that are employed now, or the corporations; the object, without any desire on my part to attack individuals or corporations — that is not our purpose; it is far from my individual desires to do any such thing; our whole purpose is simply to change the system, or method, that is applied to it, of running the railroad for the public business, and let it be run in the interests of the community, so the community would receive a benefit; just think of it; in the weather in the most unfavorable times, people are crowded and hustled into a car like so many sardines in a box; what is the object of that; the object is simply to economize and save money, so extra cars need not be employed, so extra people

need not be employed, and, of course, so much less money paid out; that is a plain statement; everyone can see that; they would find, if the cars or railroads were controlled by the city, we would have much better service; we would have this same result as we find on the Brooklyn bridge, every facility afforded for accommodating the public; what, for instance, are the ferries; now, I remember the time the boats, and they are the same boats to-day, they are run by the same corporations, and we find a little jet where a person trying to read, to get an idea of what is in the papers; on the bridge they have introduced something very accommodating, which we would not get from private corporations, except in exceptional instances; there are boats on the Fulton ferries that give us better light, but that is all due to the public's attention being drawn to it; having those superior accommodations by the city or municipalities owning the railroads, or anything that might have been run by the private corporations, we find, and that you have heard of more than once, I need not tell you, the position or condition of affairs between the Brooklyn bridge trustees or the two cities, which are the employers, and the people employed on the Brooklyn bridge, we do not find a single individual making a complaint, where he is unfairly dealt with; if there is any trouble I always believe the trouble is with the employe and not the Brooklyn bridge trustees, because I believe the officials connected with that bridge will not do anything to injure a man unless he does something against the rules of the company, because it is not personal advantage to them to try and do anything wrong to these people; while, if they were simply private individuals, owning the bridge, possibly there would be some advantage in squeezing out one man to get some one else in to work cheaper; we have no trouble there; the men seem contented; the men on the bridge are only afraid they might, some day, through politics, be removed; everyone there is contented; that is all we desire; we desire to see people in other branches as well satisfied as these people are; that can never be brought about in connection with railroads so long as they are controlled by individuals, because their purposes is simply to obtain an ad-

vantage for themselves, and if anything is desired by the citizens or traveling public it is only done by sheer force, so to speak; we are compelled to drive them to recognize the claim of the citizens in better accommodations; whilst if the city had control of these affairs I think it would be a great advantage to the community for the city to do just as the citizens desired; there would not be any trouble; in that you have had evidence of that without my going into a long statement concerning that matter; now, I am not prepared with any facts or figures; I should only be too pleased to offer them; some of my colleagues have not shown up this morning, but if there is anything more you wish I will state.

By Mr. Nixon.

Q. I ask you to state what your organization is; what committee you are a member of? A. The Municipal Ownership League, Mr. Chairman.

Q. What did you say your organization was? A. Municipal Ownership League.

Q. Is that a New York organization or Brooklyn? A. Brooklyn organization.

Q. Who are these other gentlemen? A. Mr. McGinness, president of the organization; he was to be here this morning; and I thought Mr. Wolf; I thought he would be here, and Mr. Adams; I thought they were to be here.

Q. Is Mr. Baker the secretary of this organization? A. I can not remember the names; I have not had opportunity to examine closely.

Q. What is your political faith? A. I do not know as I am compelled to state.

Q. I do not know as you are; I just asked you? A. Practically I am independent.

Q. What tickets do you generally vote? A. I do not know as I am compelled to state.

Q. You are not; we are looking for information, that is all; you have some individual views, and I want to know your political views. A. If you desire it, gentlemen, I do not care, and I wished

everybody else did with those of my class, and I vote any ticket that may represent the wage workers.

Q. That is pretty uncertain. A. You can form your conclusions regarding that; because I do not desire to present myself as being classed with one side or the other, because if I did so, it might naturally have the tendency to injure the object in view, because it would be said I came to introduce the interests of one side; I simply come here to represent the interests of the citizens of Brooklyn.

By Mr. Wade:

Q. You think one great advantage of municipal ownership would be the avoiding of crowding cars? A. I believe that would be a great advantage.

Q. You have referred to the Brooklyn bridge that is operated by the cities? A. Yes.

Q. Did you ever know a place where cars are crowded as they are on the Brooklyn bridge from the forward end of the platform of the forward car to the rear end of the platform of the rear car; it is a daily occurrence that it is a solid mass of people from one end of the train to the other? A. That is true.

Q. So you have not avoided the crowding of cars on the Brooklyn bridge; that is a fact? A. That is a fact; yes, sir; but I only advanced that question of municipal ownership and the advantages of growing out of it generally applied as they should be; it is only by experience they are improving.

Q. All that cost money? A. Yes; most decidedly.

Q. You know at certain hours of the day on the Brooklyn bridge they run additional trains? A. Yes.

Q. To accommodate the traffic? A. Yes.

Q. The same thing is true on the trolley line from Brooklyn, is it not, and it is true also that at certain hours of the day the travel is much in excess of other hours of the day? A. Yes, sir.

Q. You would not think it an economic way of operating this road to operate the cars through the entire day sufficient to ac-

commodate travel morning and evening? A. No; there is no need of it.

Q. That would not be economy? A. Where it is understood there is no travel going on at midday there is no need of putting on so many cars.

Q. Don't you observe that at a certain hour in the morning there may be less than half the travel on a given line than there was say the morning before? A. That is one of the circumstances difficult to provide against.

Q. The municipality could not do it any better than the corporations? A. The idea is, that the municipality would not suffer the losses and would not feel their pocketbooks being decimated by such an occurrence of the loss of passengers.

Q. The taxpayers would? A. While the corporation would feel it keenly.

Q. The taxpayers would? A. The amount would be so exceedingly small to each taxpayer and the revenues that would be derived from the patrons of the road would amply pay for any losses that would arise.

Q. Why not let the municipality own the road and charge no fare and make it a tax on the city? A. We have not arrived at that stage of society.

Q. Would you think it advisable to aim at that position? A. I would be reasonable, because we can not revolutionize society in a day; I am more of an evolutionist; I would make changes slow and let them come in a natural way, and not revolutionize in a way not satisfactory.

Q. Do you think or hope for such a condition of things that the government will own the railroads and transportation be free and the expense be paid by a general tax upon the people of the country, the taxable property of the country, and the surface street railroads to be owned by the municipalities to transport free, with a direct tax upon the taxable property to defray the expense of operating those roads in that manner? A. By the tax?

Q. Yes, sir. A. I could not reasonably, but provided the people were educated to that system; it will take many years; I should

like to see it; I know it is impossible to-day and for many years to come.

Q. Very likely; but do you think that would be a better system than the one at present? A. On this principle, Mr. Chairman, that there was a time when we had to provide schools, and we had to provide post-offices, and the people, when the question was broached in regard to having public schools and public post-offices, the same objections arose then as we hear to-day: Why shall one citizen be compelled to pay for the privilege of another; for instance, in our public school system, we have the bachelor, a man who never had a child; he says, what is the use of the public schools to me? I have no children; it is an outrage to impose a tax rate on me; but the community replied by saying, it may not be a benefit to you, personally, but the general good that will result under a new order of civilization, or the civilizing influences of the public school you may not appear to be benefited by, yet the unborn generation will be benefited by this; just so in this question; whilst to-day we may not be able to see the advantage of municipal ownership, or the governmental ownership of transportation lines, yet if people would look into the question in the same manner that history affords us an opportunity to, we would find it would be just as beneficial as the public schools and the post-office system ran by the national government.

Q. Now, you speak of the advantages to be derived by avoiding trouble between employe and employer and you referred to the Brooklyn bridge which illustrated that; what are the wages of the trainmen on the Brooklyn bridge? A. I do not know the exact wages, but I know the wages are generally from something like \$2 to \$2.50, I believe, and that for the various grades of service.

Q. With that they are perfectly contented; do you know what the motormen get on these roads here? A. I believe they usually get \$2 a day.

Q. One of them testified yesterday it was \$2.50. A. Yes, but it is not so; it can not be, because the purpose, the whole difficulties we have had to contend with, would not have arisen; the men offered to work for \$2.25 a day; you remember that.

Q. I do not remember the figures. A. I do; because I happened to be among those people, and I know about their getting \$2 a day and asking for \$2.25 a day; I am almost sure that many of the men do not earn nearly \$1.50 a day, because the arrangements of the employment are such.

Q. Then they do not work as long? A. Whether they work or not, the fact that they earn less money, and consequently are not able to provide themselves as they would be under different control.

Q. If you were running this road as a municipality, you would pay a man just as much who did not work as one who did, on that theory? A. That is a new phase of the question.

Q. You admit in the morning and evening you would have to put on additional service? A. Yes, sir.

Q. That would require additional men? A. Yes.

Q. That from 10 to 5 would not be required at all? A. From 10 until 5.

Q. Yes; probably; what would you do; pay those fellows that were not operating cars during those hours? A. That is a feature of the question running into details that it is difficult at the start to run into a question of an emergency that only arises occasionally.

Q. Did you ever know a business enterprise that did not run into these details and involve all of them? A. Most assuredly.

Q. Did you ever know a man to start in any business in the world who lost sight of those details, who was not in bankruptcy soon? A. I believe that; but this is not a question of making profit from our side; it is a question of running the road in the interest of the community; and we know there are employers who would employ a clerk or some other laborer and there is occasionally some days he would have to work perhaps a little harder than others, and two or three hours in the day nothing to do, but they get paid; those things they can not provide against, the possibility of a man's losing a moment's time.

Q. You know this same difficulty arises in almost every branch

of business between employer and employe? A. Unfortunately it does.

Q. So the same reason, so far as that feature is concerned, for putting railroads into the charge of municipalities, exists for putting every other business into the charge of municipalities or the government? A. Under existing conditions the question could not be applied, because in order for a community to be prepared for such a new order of things, such a gigantic change, they would have to be educated gradually.

Q. Do you think the people eventually might be educated to that point by gradual method? A. I would not dare to say that.

Q. Have you read Bellamy's "Looking Backward?" A. Every word.

Q. What do you think of it? A. I think it is a beautiful ideal sort of civilization; it would be pleasant if we could have it that way.

Q. You know, as a man of experience, that in every community there is a class of people that do not ever intend to labor? A. Unfortunately there is.

Q. Now, your method of operating railroads would carry those people about town gratuitous, if they saw fit to ride all the time? A. What is the question?

Q. I say, your idea of operating the street railroads would permit those people who do not desire to work to ride about town for nothing as much as they saw fit? A. It is possible that some of my sentiments may not be understood.

Q. I ask the question? A. I did not convey the idea that everybody should ride free.

Q. No; but you said that you aimed at it at the time? A. In the present object in view, we desire that the public should run the railroads; that question of charges can be a matter of detail at some later period.

Q. Tell me, if I live somewheres on Gates avenue, tell me why the city should expend \$40 in carrying me to the ferry and back, any more than the city should buy me a suit of clothes? A. I have no such idea that the city should expend money to transfer

any citizen from one place to another without he pays a reasonable allowance for such a privilege.

Q. Have you ever had any experience in the railroad business?

A. As managing a railroad?

Q. Yes; I do not mean looking at one. A. I have no idea of it; I merely know matters in relation to wage-workers, and that is about as far as my experience goes; I would not dare to meddle with the question that I know so little about in the management of railroads; all I speak of is my observations, that present themselves every day to an ordinary citizen.

Q. Let us, in our minds, put these trolley lines in the hands of the city; of course you would have a head there to the operation of these roads, would you not? A. Have what?

Q. Some central authority to direct? A. Naturally there should be some one.

Q. You know well a road could not be operated without? A. Just the same as anything else.

Q. Next fall a political election takes place, and a new man elected to that head that never ran a railroad a minute in his life; what result do you think would naturally follow that? A. As far as that is concerned, you wish to convey the idea —

Q. I want your idea. A. You want to make me understand, rather, whether an inexperienced man running a railroad would be suitable for the purpose; is that the question?

Q. Let me put it again; we will say the city is to-day operating the road through an experienced and efficient official? A. Yes.

Q. But there is a change in the political situation here, and some other man is elected to that position who has had no experience whatever, and steps into the shoes of an experienced official operating this road; what result do you think would naturally follow? A. Do I understand it would be absolutely required a man to be elected?

Q. Elective or appointive. A. Then I will say the same methods could be employed in connection with a matter of that sort as is employed in other branches of the government; that is, to see whether a man is capable of performing the duties imposed

upon him; we find if a man has to look after the meteorological bureau, Sergeant Dunn, the government appoints one capable in such lines, no matter the complexion of the government; unless he can fully satisfy —

Q. You are not keeping in mind my question. A. I am endeavoring to.

Q. You simply say that condition of things could not possibly exist; the condition of things that I assume in my question could not exist? A. Oh, no; such a thing as you refer could possibly occur, but governments are liable to err and make mistakes, the same as individuals, and if something unforeseen occurs it could be rectified.

Q. Now, why not avoid all this difficulty between employer and employee? A. I would be only too glad to.

Q. By putting all the factories into the hands of the government? A. I would only answer that as I did before, that the people would have to be educated.

Q. Let's go to work and educate them; let's apply it to things we have knowledge of, that every child and woman and man is doubly interested in; that is the question of traveling for the public; let's dispose of that question; then, if it is a question for the future, we may enter into a discussion on questions of a larger character; you want to commence with the railroads because the entire community is interested in the question of their operations? A. Yes, sir.

Q. Why not commence with the meat markets; every one is interested in them? A. I will tell you, if that is the idea.

Q. Tell us? A. I have no objection, but somehow the other is one of those things that the community would not be aroused about, because of the difficulties that arise among butchers is not of such a nature that would arouse the citizen, where the difficulties occur between corporations, in relation to railroads and employes, or the people generally; it is a question of such a different character.

Q. The principle is the same, is it not? A. Possibly the prin-

ciple may be the same, but you see the measure is somewhat different; the measure of it is somewhat different.

Q. I think, on your statment, you take this because people are interested in railroads; I think if you could reach out for the meat markets you could get something, because they are of more necessity; it might take longer to arouse them? A. I will tell you, if that is to be a side issue; I believe that if the city could secure better conditions under which meat is sold; I believe that would be a great advantage to the community; if known to the community the advantages occurring, I believe the citizens would demand that also; I do not say the governments should own these establishments, but at least a system of disposing of the meat that would be reformatory; at present these things can not be done because the matter of detail in the affairs of government requires a gigantic mind; to investigate and to attempt to reach all these things in an investigation of this sort would certainly dissipate the question at issue.

Q. Have you given this matter a great deal of study? A. Well, now, to say I have given it a great study—

Q. Much study? A. No, I can not say that; nothing more than from the merest observation and the practical affairs of every-day life as they occur from time to time to a man who would be travelling the streets occasionally, and reading the newspapers, and occasionally, perhaps, a magazine.

Q. Supposing you could change the order of things in this country within the year 1895, to the condition described in Bellamy's book, would you do it? A. In the year 1895; no, sir; I would not.

Q. Do you believe it would be a good thing if we could eventually work to that and accomplish that? A. I am not prepared to say any such thing, because I am satisfied such a thing will never occur, and it is useless for me to enter into a question that is purely ideal in character—that can not be realized; I prefer to enter into the material questions that may be reached at present.

Q. I do not know why you can not reach one as well as another? A. I tell you, if I could go into details of another sort I would find

it very difficult sometimes in my experiences of daily life, to make a man understand that one and one make two; perhaps I am going a little too far when I say that; but I find the ordinary man is not prepared to grasp with these questions, simply because they have not the opportunity; they have not the time to study, and the system of living is such that they are not prepared to touch upon these questions through the lack of study.

By Mr. Nixon:

Q. Are there any other members of your committee in the room?

A. I do not see any of them here now.

Q. That is all. A. Thank you.

Benjamin Frick, recalled, testified:

By Mr. Wade:

Q. Can you tell us now what the Atlantic Avenue Railroad Company paid for the Brooklyn, Bath and West End system? A. One million and forty-three thousand eight hundred and twenty-five dollars.

Q. How was that paid? A. There was issued 16,090 shares of the capital stock of the Atlantic Avenue Company, and \$239,275 provided by the Brooklyn Traction Company on account of the Atlantic Avenue Railroad Company; it was not a cash transaction.

Q. The Atlantic Avenue Railroad Company purchased of the stock of the Brooklyn Traction Company? A. Yes.

Q. What did the Brooklyn Traction Company pay for that stock? A. I do not know that.

Q. Haven't you any means of acquiring that information? A. I did not look that up at all.

Q. That was all done by an increase of its capital stock and an exchange? A. Yes.

Q. How; dollar for dollar? A. An even exchange; I think you will find that later in one of the other questions.

Q. That is a very interesting question? A. What was done with the money realized on the increase of the indebtedness—

Q. That is the third; second, how was such payment, if any, made; in cash or otherwise? A. That is the answer I have just given; it was issued for stock.

Q. The exchange of it, dollar for dollar, with the Traction Company? A. That is it.

Q. At some time the indebtedness of the Atlantic Avenue Company was increased? A. Yes, sir.

Q. By increasing its bonded indebtedness? A. Yes.

Q. What was done with that money? A. That was done for the reconstruction of the road, and new cars and new rails; virtually rebuilding the road.

Q. Was it all used for that purpose? A. All that I know of; taking it from the entry on the book, I will say yes.

Q. You have to rely on the books? A. Yes, sir.

Q. It was all used for the purchases? A. Yes, sir.

Q. So no money was paid in by the stockholders to re-equip the road or electrify it? A. No.

Q. At what price were those bonds sold? A. It will figure about 86 cents; in other words, there was \$1,500,000 of improvements, and \$1,290,000 realized on the sale.

Q. Can you tell to whom they were sold? A. No, sir; I have no record.

Q. At one time the indebtedness of the Brooklyn, Bath and West End was increased? A. Yes, sir.

Q. What did they realize from that increase; how were the bonds sold, and at what price? A. They were sold really for par, but they were transferred to the Atlantic Avenue Railroad Company, which company rebuilt the Brooklyn, Bath and West End.

Q. Those bonds were transferred? A. Yes.

Q. And are they held by the Atlantic Avenue Railroad Company now? A. Yes, they are in our treasury.

Q. What? A. Yes, they are in our treasury.

Q. So that the electrifying of the two roads was paid for by the money derived by the increased indebtedness of the Atlantic Ave-

nue? A. The Atlantic Avenue; and there was an increase of the Brooklyn, Bath and West End.

Q. They took that? A. The Atlantic Avenue took it and held it, and rebuilt the Brooklyn, Bath and West End.

Q. So they got no money on it? A. No, sir.

Q. So the electrifying of both roads was done by the Atlantic Avenue? A. Yes.

Q. With the money realized on the sale of its bonds? A. Yes.

Q. So that a sale of its bonds furnished sufficient money to do both, substantially? A. Well, it did it; we have a floating indebtedness, of course.

Q. That and the floating indebtedness was sufficient to do that? A. Yes.

Q. What is the floating indebtedness? A. Two hundred and eighty thousand dollars.

Q. What is the amount of the bonds issued by the Brooklyn, Bath and West End and acquired by the Atlantic Avenue Company? A. Four hundred and forty-eight thousand dollars.

Q. Was there ever any money paid into the treasury on the increase of the stock of either of these companies? A. Not that I know of; I don't say any at all.

Q. That was purely what we call watered stock? A. It was a stock transaction.

Q. What? A. It was a stock transaction.

Q. That is evident; they do not represent the expenditure of a dollar of money by any stockholder? A. I suppose money to do this work had to be gotten from some source, and unless we had the securities to give out for that money we could not get it.

Q. The Brooklyn Traction Company did not furnish it, did they? A. Yes; the Brooklyn Traction Company had to take care of the money from the securities.

Q. They had the securities of the Atlantic Avenue line to do it? A. Yes.

Q. And it took the stock? A. Yes; we looked to the Traction Company to sell the bonds and furnish the money.

Q. You gave them the stock to do it? A. Yes.

Q. You sold them 80 or 86, did you say? A. Eighty-six, some; \$1,500,000 was sold at 86.

Q. And the other? A. I don't know; different prices; one thing, they were sold at a very low figure at that time, on account of the depression.

Q. In 1893? A. Yes.

Q. Have you got all those things written out? A. Right there.

Q. Won't you just file that with the stenographer? A. I will.

(Paper offered and received in evidence, and marked Exhibit 18.)

The committee took a recess subject to the call of the chair.

The committee convene at the city and county hall, in the city of Buffalo, room 14, Tuesday, August 13, 1895, at 2 p. m.

Joseph S. Baecher, called and sworn, testified:

By Mr. Wade:

Q. You reside in Buffalo? A. Yes.

Q. And have for how many years? A. All my life; forty-two years.

Q. Are you connected with any of the street railways in the city of Buffalo? A. Yes.

Q. In what capacity? A. I am secretary and treasurer of the Buffalo Railway Company, and the Crosstown Street Railway Company.

Q. How long have you occupied that position? A. Since the organization of the Buffalo Railway Company.

Q. When was that? A. January, 1891.

Q. And how long have you been the secretary and treasurer of the Buffalo and Crosstown Railroad Company? A. Since it began business.

Q. About when was that? A. I think that was in the same year, 1891 or 1892.

Q. They are two distinct companies, are they? A. Yes, sir.

Q. Each operating a separate road? A. Yes, sir.

Q. When was the Buffalo Street Railway Company incorporated? A. The Buffalo Railway Company?

Q. Yes. A. In November, 1890.

Q. In November, 1890? A. Yes.

Q. Were you one of the incorporators? A. No, sir.

Q. How soon after the organization of that company did you become connected with it? A. As soon as they elected officers.

Q. That was immediately following? A. Yes.

Q. Who were the directors of the company named in the certificate of incorporation? A. I can not tell that from memory.

Mr. Box.—The report shows.

Mr. Nixon.—The report of 1894?

Mr. Box.—Yes; they have not been changed.

By Mr. Wade:

Q. H. Sellers McKee; do you remember he was one? A. Yes.

Q. He resided in Pittsburg? A. Yes.

Q. Cornelius C. Cuyler of New York city; do you remember he was one? A. I don't know whether he was named in the articles of incorporation; he was shortly after.

Q. Is he at the present time? A. Yes, sir.

Q. Thomas De Witt Cuyler of Philadelphia? A. He was and is.

Q. James B. Speed, Louisville, Ky.? A. He has recently.

Q. Horace Magee of Philadelphia, Pa.? A. I think he was one.

Q. Henry M. Watson, Buffalo, N. Y., Hardin H. Littell of Buffalo, Samuel S. Spaulding, Buffalo, Robert L. Fryer of Buffalo, George Urban, Jr., John L. Williams, John N. Scatcherd, of Buffalo? A. They are directors now.

Q. Were they at that time, at the time of its incorporation, and Daniel O'Day of New York city? A. Yes, sir.

Q. What was the capital stock of the company; what was the amount of the capital stock of the company named in the certificate of incorporation? A. Six million dollars.

Q. Has that company constructed any road? A. Yes; it has added to the road of the old company a little.

Q. Perhaps I should have said any independent road? A. No; it has added some mileage; it has double-tracked some of the old road.

Q. Was the purpose of the organization, Mr. Baecher, of the Buffalo Railway Company to acquire the street railroads of the city of Buffalo, was that really the design? A. I was not one of the projectors; it may have been.

Q. Soon after its incorporation did it acquire some of the then street railways of the city? A. Yes.

Q. What roads? A. Buffalo Street Railroad, Buffalo East Side Street Railway, and the West Side Street Railway.

Q. Were there any others in the city at that time? A. No.

Q. Are there any others now? A. Yes.

Q. What? A. The Crosstown.

Q. That is the only one? A. That is the only one.

Q. What streets do the Buffalo Street Railroad Company cover? A. There must be 30 or 40 streets.

Q. Numerous streets? A. Yes.

Q. Can you tell the amount of trackage that it had at the time it was acquired by the new company? A. I believe it was 66 or 67 miles.

Q. I see the report, Mr. Baecher, gives the total trackage, 69 miles; total length of all tracks and sidings, in 1894, owned 69.618? A. Yes; there was a couple of miles added.

Q. After 1894? A. Yes; the streets were double tracked.

Mr. Box.—After 1891; January 30, 1891.

Q. About 66 miles? A. Yes.

Q. About what was the amount of trackage of the East Side? A. It was all contained in that 67 miles.

Q. That was why I thought you misunderstood me; in the first place, here was the Buffalo Street Railroad?

Mr. Nixon.—Mr. Wade refers to the old Buffalo Street Railroad.

Q. Mr. Wade refers to the old Buffalo Street Railroad.

By Mr. Wade:

Q. That was a separate and distinct company, and had a road

of its own; now, what was the trackage of that road, independent of the East and West Side? A. I can not remember.

Q. Can you remember the amounts of either of the others? A. Not separately; I simply gave you the total.

Q. Then the total amount of trackage of the three companies was then about 66 miles, and you have added to it to make it practically 70 miles? A. Yes, sir; that is right.

Q. That includes all the trackage, sidings and double track? A. Yes, sir.

Q. How much of the capital stock of the roads of the new company has been issued, Mr. Baecher? A. Five million three hundred and seventy thousand five hundred dollars.

Q. The balance of it unissued? A. Yes.

Q. Since the time of its organization these roads have been electrified? A. Yes.

Q. How did the company acquire the Buffalo Street Railroad Company? A. By exchange of stock.

Q. What was the capital stock of the Buffalo Street Railroad? A. I think it was \$100,000.

Q. And how much stock of the new company was exchanged for that of the old? A. It is right on the report there; it would show.

Q. Issued for stock of the Buffalo Street Railroad, \$2,500,000; report of 1894; after that exchange, what became of the old company? A. It was merged into the new.

Q. Were these three companies consolidated into the Buffalo Railroad Company? A. They were merged into the new company by the new company taking all the stock.

Q. Your new company became the lessee of the Buffalo Street Railroad? A. Yes.

Q. Upon what terms, in a general way, Mr. Baecher; how much rental? A. I do not remember.

Q. Can you state about the amount; how much rental do you pay? A. A. That state did not continue only for a short time, for shortly after it was merged into the Buffalo Railroad.

Q. So it never has paid any rental under that lease? A. No.

Q. It acquired possession of all three of the roads by the lease? A. Yes.

Q. Then it simply exchanged stock of the new company for the stock of the three old companies? A. That is it.

Q. Now, how was that done, do you know; do you know whether there was a contract of merger entered into? A. Yes.

Q. So that the other companies became merged into this one? A. By the board of directors, according to law.

Q. Have you a copy of that contract in your office? A. No; I have not.

Q. Do you know where one could be obtained? A. The minutes would probably show; it is probably copied into the minutes.

Q. The contract copied into the minutes? A. It might have been.

Q. I wish you would look and ascertain; you have a copy filed away, haven't you? A. I do not think so.

Q. Now, you say the capital stock of the Buffalo Street Railroad was \$100,000? A. Yes.

Q. By whom was it owned; who were the principal stockholders in that company? A. Mrs. S. V. R. Watson was the principal stockholder.

Q. Mrs. S. V. R. Watson? A. Yes.

Q. I see there is a Watson director, Henry M. Watson?

Mr. Box.—A distant cousin of S. V. R.

Q. How was the exchange made? A. She was not at the time of the merger.

Q. Who was? A. She had sold her stock then.

Q. To whom? A. To eastern parties.

Q. Are they the persons named as directors from the East? A. I do not know.

Q. Your books will show, won't they? A. The present books would not show that.

Q. Whom did you buy the stock of the Buffalo Street Railroad Company of; I mean the Buffalo Railway Company? A. The present one is the Buffalo Railway Company, and the old one was the Buffalo Street Railroad Company, was the old one.

Q. Now, the Buffalo Railroad Company, if I understand you correctly, acquired the stock of the Buffalo Street Railroad Company? A. Yes, sir.

Q. Of whom did it make that purchase? A. E. W. Clark & Company, of Philadelphia, who were the agents; they held it, I believe, at the time; Mrs. Watson had sold out her stock to them.

Q. I notice a couple of Philadelphia directors here, Mr. Baecher? A. Mr. Deninston was one of the firm of E. W. Clark & Company; he is dead now.

Q. Are they on the board of directors as representatives of E. W. Clark & Company, Magee and Cuyler of Philadelphia? A. Yes, sir; Horace Magee.

Q. They are connected in business with E. W. Clark & Company? A. I do not believe they are at present or were then.

Q. Did E. W. Clark & Company own any of the stock of the road? A. They do, a small amount.

Q. What business are E. W. Clark & Company engaged in? A. Bankers and brokers.

Q. And engaged largely in acquiring the stock of various railroad companies, are they not? A. Yes.

Q. Do you remember just how much you got from that concern? A. No.

Q. About how much; was it a meager? A. They were acting as agents for different parties, I believe.

Q. Then they got practically all of it together, didn't they? A. I believe they did.

Q. You gave for that stock, \$2,500,000 of the new company's stock, did you not; this report says that.

(Witness examines report).

A. Yes, sir.

Q. What was the stock of the Buffalo Street Railway Company worth at the time of this transaction, Mr. Beacher? A. I do not know.

Q. Can you give some estimate, some opinion on the subject? A. I never heard it quoted.

Q. Was it worth more than par, selling for more than par? A. I do not believe any was sold at all.

Q. Had it ever paid any dividends that you know of? A. It never paid any dividends; the profits accumulated and went into the road, went into improvements; the company never paid, itself, any dividends.

Q. So that after that transaction, your new company had \$100,000 of stock of the Buffalo Street Railway in place of \$2,500,000 of its own stock? A. Yes.

Q. Now, you acquired the East Side in the same manner? A. In the same manner.

Q. Do you remember the amount of stock of that company? A. The amount of stock of that company, issued, I believe, was \$100,000; the amount authorized was smaller; I do not remember what that was.

Q. One hundred thousand had been issued? A. Yes.

Q. And for that you have \$2,400,000? A. The company at the time had quite a surplus which they were about to issue stock for, but they never did, so it remained \$100,000.

Q. They were about to issue stock for the surplus? A. Yes, which would have made it larger.

Q. What was the amount of that surplus, do you remember? A. I do not remember; the amount of stock authorized, I believe, was \$250,000.

Q. For that you gave the stock of the new company to the extent of \$2,400,000? A. Yes.

Q. Then you got the West Side in the same manner? A. Yes.

Q. What was the amount of the stock of that road? A. I have forgotten that.

Q. For that you have \$100,000 of the stock from the new company? A. Yes.

Q. Can you tell about the amount of the stock? A. I think it was dollar for dollar; I think they had \$100,000 there.

Q. Was that regarded worth more? A. It was worth less; we exchanged it at par.

Q. Yes, I see; then you gave out for construction, \$370,500 of the stock of the new company? A. Yes.

Q. And that comprises the total issue? A. Yes.

Q. So that no money has ever been paid into the treasury of the street railroad on account of the issuing of any of the stock of the road? A. No.

Q. When you get at the cost of your road, Mr. Baecher, how do you arrive at it; do you treat this transaction of the stock as expenses of the road? A. It is a liability; yes, sir.

Q. Supposing you were giving the cost of your roadbed to-day, would it include that? A. Yes.

Q. You have got 69 miles of road; 70 miles of road, call it that? A. Yes.

Q. Seventy miles of road, and I see your road shows the cost of that some \$10,625,194.81; now, how do you arrive at that cost? A. If any stock is issued, the construction account is charged and the stock account credited, because it becomes a liability, and there must be something to offset it.

Q. Yes, I know, but do you think it is fair to put out \$2,500,000 of stock for \$100,000 of stock? A. Yes, if it is worth it.

Q. You do not contend that, do you; that would be 2,500 per cent., or thereabouts? A. That 2,500 had been earning for years, and they never paid any dividend; it was simply adding it to the value of the road; all the profits had gone in and the stock was worth way above par.

Q. Your theory is, Mr. Baecher, that the actual cost of it, of the adding of the earnings of the road from time to time, make this amount? A. And the improvements, yes.

Q. Do you know what that would make your road cost a mile, just the roadbed, upwards of \$151,000 and something? A. Yes; I have not figured it.

Q. Of course it did not cost that; that could not be possible? A. It did, according to the books.

Q. If you issued ten millions more capital, you could make it just twice as much as that? A. Certainly; it was not done.

Q. If you issued ten millions, instead of ten millions more cap-

ital, your road would stand on your books as costing twice what it does now? A. If such a thing had been done, yes, certainly.

Q. The amount, however, which you have stated here, at \$10,625,194.81, does include this capital stock issued in the manner in which it has been issued? A. Yes.

Q. Cost of equipment is put in there, \$632,105.28; that meant the cost of the cars? A. It is itemized there, I believe.

Q. You make up that amount by horses and harnesses, \$20,400; cars, other than motor cars, \$145,000; motor cars, fixtures, \$414,194.67; wagons, trucks, snow plows, sleighs, \$52,510.61; or a total of \$632,105.28? A. Yes.

Q. Now, when you give the cost of the road, Mr. Baecher, does that include the cost of the plant in this item of ten millions? A. It includes that equipment of it, also.

Q. What? A. It includes the whole value of it; that is simply this here.

Q. Your item is made up of the value, is it not, roadbed, superstructure and rail, \$955,962.68; electric or cable appliances pertaining to road superstructure, \$680,146.39; real estate, buildings and fixtures, \$1,851,938; purchase of constructed road, \$7,137,147.74? A. Yes.

Q. That makes up what you have given as the cost of the road? A. Yes.

Q. How do you arrive at the item of roadbed, superstructure and rails, \$955,962.68? A. That is what the account shows as having been paid on it.

Q. That is the actual cost of it? A. Yes.

Q. The money paid out by the company? A. Yes; as the account stands on the books.

Q. As the new company constructing that line, in constructing road or rails? A. It had at that time when that report was made.

Q. Now, in reconstructing your road, to change it from horse-power to electrical-power, did you have to supply it with new rails? A. Yes; with new and heavier rails.

Q. Are those included in that item? A. Yes.

Q. So that represents the actual money which the new company

at that time had paid out for roadbed, superstructure and rails; by superstructure you mean poles, wire, trolley and so forth? A. It represents the actual expenditure of the new company.

Q. That is what I asked you; I mean by that there is no stock in that item at all? A. I do not remember whether there is or not; there may have been.

Q. Now, electric or cable appliances pertaining to road or superstructure; does that include your generators? A. That is only line equipment.

Q. Of what does your line equipment consist? A. Overhead and underground wires and poles.

Q. What are your underground wires? A. Conduit and feed wires.

Q. You do not carry them overhead, feed wires? A. Generally through underground.

Q. You do not carry them overhead; it includes the feed wire, whether underground or above? A. Yes.

Q. Superstructure includes feed wire where it is above? A. Yes.

Q. Now, take that item, \$68,000, and does it represent actual cost of putting that material in there or is there some stock in that; how was it done? A. I do not remember just how it was spent.

By Mr. Box:

Q. The question he asks you, is that an honest charge, or do you know of anything which went in to swell that account; what did it cost, to the best of your knowledge; you had to put together certain amounts to make up that amount? A. Yes.

Q. What I want to know is, if that represents the actual cost of the work in dollars and cents? A. Yes.

Q. Or whether it represents a payment of money and stock? A. You want to know whether there was any stock issued on that account?

Q. Yes. A. There may have been.

Q. You can ascertain very quickly by reference to your books, can you not? A. Yes, sir.

Q. In other words, did you contract for that work or do it yourself? A. Part of it was contracted for.

Q. In that contract did you pay so much money and so much stock? A. We did for a part of it; yes.

Q. Your books will show that? A. Yes.

Q. And show the amount of stock paid out? A. The report there shows how much stock was paid out for construction.

Q. Yes; I know it does; it shows \$500,000. A. That is included in those items.

Q. Then here is real estate, buildings and fixtures, \$1,851,938; now, what does that charge represent? A. It represents the buildings at their estimated value when taken from the old company and additional betterments.

Q. Does that item include your machinery and generators? A. No, sir; that is only buildings and real estate.

Q. Tell us what real estate is included in that. A. There is a property at Cold Springs.

Q. How much? A. A large piece; my idea is that that is actual value; that that account stands at its actual value you could sell it for.

Q. There was no stock used in the purchase or acquirement of that? A. No; we have eight or nine different barns; the Cold Springs I do not remember the number of acres; it is a very large tract; it is property worth — it is over 150 feet front.

Q. Do you think the real estate the company owns now is worth \$1,800,000? A. Is it \$1,800,000 there?

Q. Yes; \$1,851,000. A. At a rough guess I think it is; it would take some time to figure it through.

Mr. Box.—The probability is, while it is worth that for the purposes for which it is used, it might not bring that in the market. At Cold Springs we had very extensive stables and airy rooms for the horses. Two or three hundred horses take up a good deal of space. To-day we own no horses, except for teaming, drawing our ties and so forth. Electricity has rendered them useless. In estimating the property at the time it was purchased it was its fair market value.

Q. Now, Mr. Baecher, you report here the cost of roads purchased, \$7,137,147.74; how do you reach those figures; how do you arrive at them? A. I charge that account with the amount of stock issued in purchasing it under one item.

Q. That is not anywhere near enough. A. Then I charge it with \$1,500,000 of floating debt which the company assumed.

Q. You have got just exactly \$5,000,000 of stock issued for it; you charge it with what — \$1,500,000; how much debt? A. One million five hundred thousand dollars, that the company assumed.

Q. How do you make up the balance of it? A. There was bonds paid for the difference, I assume; those there were.

Q. It is arrived at by taking into consideration the stock of the company and the bonded and other indebtedness of the company? A. Yes.

Q. And all charged in that amount, except the three items we have just been talking about, the roadbed and electric and cable appliances and the real estate? A. Yes.

Q. In other words, it does not represent an actual payment of \$7,000,000 for that road in money? A. Not in money; it represents the payment of money, bonds and stock.

Q. Now, at the time you purchased the Buffalo Street Railroad stock, what was the amount of its indebtedness? A. It was something over \$1,500,000; \$1,500,000 was assumed and the difference just made \$1,500,000; it was just left so.

Q. That is its entire indebtedness? A. Its entire indebtedness; \$1,500,000; the difference in that was paid out.

Q. Out of this money? A. The money that was paid.

Q. There has never been any money paid in on this stock? A. When it was exchanged.

Q. But you did not receive any money, your new road did not, for this stock, your new company? A. It was left so by the old stockholders.

Q. Yes. In other words the old company, that is, the Buffalo Railway Company? A. Yes.

Q. Cleaned up this indebtedness except \$1,500,000? A. Yes.

Q. And when this contract of merger was made and entered

into, the new company assumed that \$1,500,000 indebtedness?

A. That is right.

Q. What was the then indebtedness of the East Side? A. I can not divide it; I do not know how much each one of the companies owed; that was the total of the old companies.

Q. That was the total of the three old companies? A. Yes.

Q. So that when you had acquired the three old companies there was a total indebtedness of \$1,500,000 assumed by the new company? A. Yes, sir.

Q. And since then it has been increased how much; it is \$5,020,000 and something now.

(Witness examines report.)

A. Yes, sir.

Q. And you have since increased the indebtedness \$3,520,256.67? A. Yes.

Q. That is the consolidated mortgage and the several real estate mortgages; now, this \$1,500,000 indebtedness you have reported in this matter, Mr. Baecher, first mortgage Buffalo Street Railroad, \$150,000? A. Yes,.

Q. Second mortgage, \$650,000? A. Yes.

Q. First mortgage East Side Railway, \$300,000? A. Yes.

Q. Second mortgage, same road, \$293,500; six real estate mortgages, \$106,500? A. That is right.

Q. So that makes the \$1,500,000? A. Yes.

Q. Then you put a mortgage upon the entire three roads of \$3,500,000? A. Yes.

Q. That, I suppose, was a bond issue, Mr. Baecher? A. Yes.

Q. And those bonds were disposed of by the company? A. Yes.

Q. At what price? A. I think a good part of it went at 90.

Q. At 90? A. Yes; that was the market price; that was all they brought.

Q. Was any stock put out with the sale of the bonds? A. The company did not give any stock out.

Q. Did any one else? A. The company issued that \$370,000 for construction bonds and stock.

Q. Did that company; the bonds were the bonds used in payment for construction? A. Paid to the contractors.

Q. Who were the contractors? A. E. W. Clark & Co.

Q. Were they stockholders? A. Yes; they were stockholders.

Q. And was a certain proportion of the bonds and stock which they received under that contract, then divided with other stockholders of the company? A. That I know nothing about.

Q. At the time that contract was entered into, did E. W. Clark & Co. own or represent the owners of a large amount of the stock of the company? A. At that time, no.

Q. What had they done with the stock? A. Why, they were acting as agents for a syndicate, I believe.

Q. Who was the syndicate? A. I do not know.

Q. Did you ever know? A. I know some of the parties, but I do not know the whole of the matter; the company's books do not show anything about it.

Q. What? A. The company's books do not show that.

Mr. Box.—Mr. McKee was one, and C. C. Cuyler was one, and E. W. Clark & Co. was one. Who else do you know as the original purchasers of these roads; was Horace Magee one?

A. I believe so.

Q. Was Major Davis of Syracuse one? A. No; there was a syndicate here, some from Syracuse and other places.

By Mr. Wade:

Q. Mr. Baecher, here is a contract for the reconstruction of your railroads from horse power to electric power, made by the company with E. W. Clark & Co., am I correct about that? A. For a part of it.

Q. What proportion? A. I can not tell from memory.

Q. Will the books show that transaction? A. I believe there was a contract in existence; it will show; yes.

Q. Have you got the custody of that contract? A. Yes.

Q. So that will show just what the contract was? A. Yes.

Q. As I understand you, they were to be paid for whatever work they contracted to do, in bonds and stock of the company? A. Yes.

Q. That is how this \$370,000 of stock was issued? A. Yes.

Q. Who actually did the work of reconstructing that road, Mr. Baecher? A. Who actually did the work?

Q. Yes, sir. A. A good deal of it was done by our own men.

Q. Who superintended it? A. The Field Engineering Company did a good deal of it.

Q. Who were they? A. They are from New York.

Q. Who paid the bills? A. E. W. Clark & Co. furnished the money.

Q. Where are the books that show the actual cost of construction? A. Our books will show.

Q. Just what it cost in dollars and cents? A. Yes.

Q. Then, if anything was made by the contractor, counting the stock and bonds at par, which he received, your books will show that? A. I do not know whether they would or not.

Q. You know the amount here is \$370,000 of stock, and here is \$3,500,000 of bonds? A. There was no contract for that.

Q. What? A. There was no contract for all that matter; the company paid that out and charged part of all this reconstructing—

Q. Take the amount that was included in the contract of E. W. Clark & Co.; that contract will show just how much they were to receive in bonds and stocks? A. Yes.

Q. Then, if your books will show your actual expenditures in money for work by E. W. Clark & Co., or anybody else, it will show just the difference between that and the par value of the bonds and stocks, won't it? A. I do not quite understand it.

Q. Your books show what this actually cost in dollars and cents? A. Yes.

Q. Now, you know your contract shows you put out so many thousand dollars worth of bonds and stock for it? A. Yes, it shows just what we paid E. W. Clark & Co.; they may have had expense we do not know anything about.

By Mr. Boks:

Q. Do your books show what profits E. W. Clark & Co. made?
A. No, not all together.

Q. Does it at all? A. I do not know what it cost them to raise the money.

By Mr. Wade:

Q. Now, do they show the expenditures made for changing the system covered by that contract; do they show that so much was paid for rail and so much for labor, in changing the track and reconstructing the track? A. Yes.

Q. So much for the generators, if that was included in that contract? A. I think it does.

Q. So much for superstructure and wiring, etc.? A. Yes.

Q. That is the actual cost of the work, but the cost to the company was so much in bonds and so much in stock? A. Yes.

Q. Now, taking your books and ascertaining the actual cost, footing it up, and taking off from the bonds and stock received, taking off from the par value of the bonds and stock, it will show an actual cost, won't it? A. I think it will show it, yes.

Q. How did you become interested in the road, Mr. Baecher? A. How do you mean?

Q. How did you become interested in the road, by the purchase of stock? A. No; simply as an officer.

Q. How much of the stock have you held; any more than enough to make you eligible as a director? A. I am not a director; I am simply doing clerical work, and receive a salary.

Q. Do you know whether there was an arrangement by which the profits, or, in other words, the amount of bonds and stock not used in raising money for the reconstruction was to be divided among individuals? A. No, I do not; no, I know nothing certain about it.

Q. Do you understand there was some such arrangement as that? A. I know that E. W. Clark & Co. did not furnish the money alone; I know they had other parties who helped furnish funds.

Q. Were there parties here in Buffalo who shared in that division? A. I do not know that for sure.

Q. Do you understand there were? A. I think there were, yes.

Q. Were there parties here in Buffalo who shared in the stock that was issued on the purchase of the stock of these other roads? A. No, I do not think so; I think they were all Eastern parties; Pittsburg, New York and Philadelphia parties, that bought up this old stock.

Q. Who are the principal stockholders in Buffalo, in this road, as you understand? A. There are no principal ones; there are a great many, but there are no very large stockholders here.

Q. What is the stock worth now? A. I think it now brings about 89.

Q. Has it ever paid any dividends? A. It never paid a dividend.

Q. You say, Mr. Baecher, you make your road, stand here, costing you over \$11,500,000; now, in actual dollars and cents, it did not cost half that? A. Do you want me to answer that question?

Q. Yes. A. I do not know; all I know what is actually given out and know its liabilities; that fixes its cost.

Q. You know some of those items are arbitrarily fixed irrespective of the money paid out; they are entered as arbitrary matters on your books? A. I believe a larger amount was paid for the old stock than was actually spent in the construction of the road.

Q. You paid for \$100,000 of stock \$1,500,000; now, you either thought that \$100,000 mighty good or the two millions mighty poor; what does a mile of your track cost, completed, including wiring and poles? A. The present cost of the road includes renewing it for electrical traction and a great many other expenses.

Q. What can you go to work and lay a new track here for right now; take up the pavement and restore it; this includes your wire and the whole business; everything except your cars? A. Take up the asphalt pavement?

Q. Yes. A. We paid on a mile of road on Ferry street, just for the asphalt, \$15,000.

Q. Taking it up and relaying? A. Just taking it up and relaying; not quite a mile of road.

Q. Is it a double-track road? A. Yes; it was not quite half a mile of double-track road.

Q. Now, don't you think, Mr. Baecher, that you can construct your road and take care of the pavement for \$20,000 a mile of track? A. No, not in a city like Buffalo; you can do it under favorable circumstances, but you can not do it all around.

Q. What is the difference between the cost of asphalt pavement and Medina stone?

Mr. Box.—There is not much difference when you use the flag; I think we are paying \$3 a square yard.

Q. How much do you think it would cost per mile of track to take up and relay your pavement and construct your road ready for operation? A. I am not an expert, and I do not want to give an opinion.

Q. Haven't you had enough to do in paying for it; you are the fellows that signed the checks here; can not you tell us from your experience there.

Mr. Box.—We have a general manager that can tell you better.

Q. Mr. Baecher, will you look at the books of the company and tell us to-morrow morning just what that portion of the road, constructed under the contract with Clark & Co., actually cost, as shown by your books? A. It was reconstructed.

Q. All right, reconstructed; whatever work was done under that contract, tell us the actual cost of it; bring the contract with you, and that will show how the company paid for it and what it paid for it; can you do that? A. I will try to.

Q. Mr. Baecher, I would like to suspend your examination until morning, if you will do that, and I wish you would ascertain the largest stockholders here, for we may want to subpoena them? A. Oh there may be 30 or 40 stockholders here in Buffalo, but they are all small stockholders in Buffalo; very few shares.

Q. Now, Mr. Baecher, let me ask you about the Crosstown road; what is the extent of that road? A. The mileage?

Q. Yes? A. About 74 miles.

Q. Seventy-four miles? A. About 74.

Q. Where does it run, and to what place? A. It runs all over the city; it is not any particular street.

Q. The Crosstown road would indicate it ran direct from one point to another? A. Say from Seneca street, the Elk Street line to the South Park Avenue line; the Sycamore and Wadden Avenue line; Washington street, Baynes street, West avenue, Grant street and Military road and Northern Main street and Tonawanda street to Hertel avenue, and Masten street and Northern Michigan street, and Grant street.

Q. That is the Buffalo and Crosstown? A. The Crosstown.

Q. When was that company incorporated? A. In February, 1890.

(Witness examines report.)

Q. Did that construct its own road, or acquire other roads? A. It constructed its own road.

Q. And 48½ miles in 1894, according to the report? A. In operation; there was more built.

Q. You now have built something like 74 miles? A. Yes, sir; and some of it still under construction.

Q. Were you one of the incorporators of the company? A. No, sir.

Q. And are you interested in it at the present time? A. No.

Q. Simply act as an employe? A. Yes; secretary.

Q. Who were the incorporators of the company; do you know? A. They were Rochester people, I think; I don't remember originally; no.

Q. How much of the capital stock of the company has been issued? A. Two million two hundred and seventy-seven thousand dollars.

Q. Two million two hundred and seventy-seven thousand dollars? A. Yes.

Q. And all on account of construction except \$5,000? A. Yes.

Q. After its organization was it acquired by Buffalo parties, the stock, largely? A. Yes; acquired; not by Buffalo parties, but by stockholders of the Buffalo Railway.

Q. By stockholders of the Buffalo Railway? A. Yes, sir.

Q. Who acquired that; the same syndicate? A. The same syndicate; yes.

Q. Was it contemporaneous with this other transaction? A. Not quite; but shortly after.

Q. How much of the capital stock had been issued at that time; do you know? A. I do not remember.

Q. How much was issued during 1895; I see this report shows \$1,890,000; now you say it is — A. Three hundred and eighty-seven thousand dollars now.

Q. Three hundred and eighty-seven thousand dollars now? A. That is the difference; you asked me what was the difference.

Q. I asked you how much had been issued in 1895? A. Since that report?

Q. Yes. A. Three hundred and eighty-seven thousand dollars.

Q. How much is the total amount authorized now? A. Three million dollars.

Q. That has not been changed? A. No.

Q. What is the amount of bonds it has issued? A. The same amount.

Q. Three million dollars? A. Two million two hundred and seventy-seven thousand dollars; the total amount authorized under the mortgage was \$3,000,000.

Q. They are taken out in certificates by the board of directors from time to time, as needed for betterments? A. For the construction of the road from time to time, as the board directs.

Q. Those that are not put out are held by whom? A. The trustee named in the mortgage, the Metropolitan Trust Company, of New York.

Q. You get them as needed, on the certificate of the president? A. We get them on the certificate of the treasurer that so much road has been built.

Q. Who constructed that road; the company, or did it cause it to be done by contract? A. By contract.

Q. Who were the contractors? A. Various ones; E. W. Clark

& Company were, for part of the line; C. J. Field for another part of the line.

Q. Who is C. J. Field? A. Field Engineering Company.

Q. Are they actually in that business? A. Yes.

Q. Clark & Company are bankers? A. J. W. Craven, part of it.

Q. That contract made with Clark & Company was in fact made for the benefit of the stockholders by Clark & Company?

A. It was made because they could furnish the funds; that was the only way to get the funds.

Q. And they sublet it; now, in the construction of the Cross-town road, Mr. Baecher, have you the books that show the actual cost of construction? A. Our books show just what the company has spent.

Mr. Box.—That is not what he asked you. It shows what you paid for it; that is all it shows, is it not?

A. Yes.

Q. And the actual sum paid for it? A. Yes.

By Mr. Wade:

Q. How do you pay for it? A. In cash and stock.

Q. And the cash is acquired by a sale of the bonds? A. Yes.

Q. What are the bonds selling for? A. The bonds at present are selling about 5 per cent. above par; they have been sold as low as 85.

Q. Those that you put out now, from time to time, as the construction goes on, had they been contracted? A. No; we hold the bonds.

Q. Do you sell them where you can get the best prices? A. Yes.

Q. Now they are selling as high as \$1.05? A. Yes.

Q. When was the last contract you made for construction of the road? A. I can not tell from memory.

Q. Are they at present engaged in the construction of it? A. Yes.

Q. Who? A. The contract was made with J. B. Craven.

Q. Where does he reside? A. He has been in Buffalo until recently.

Q. Living here? A. Yes.

Q. Where is he residing now? A. He went to New Orleans.

Q. Has he completed his contract? A. No; he has not, quite.

Q. Was that contract with him in writing? A. Yes.

Q. What was the contract price per mile; if you have the contract let the contract speak for itself; do you remember whether that called for a payment in cash and stock? A. Yes.

Q. How much road did he construct? A. I do not remember.

Q. How many different contracts for the construction of road has the company entered into? A. Four or five.

Q. Now, under the contract with Craven, did the company purchase the rails for Mr. Craven? A. Yes.

Q. So the books of the company show what the rails cost? A. Yes.

Q. Did the company pay the laborers for Mr. Craven? A. Nearly all of them.

Q. So the books of the company show what labor cost? A. Yes.

Q. Did the company purchase the wire? A. Yes.

Q. And the poles? A. Yes.

Q. And pay for stringing and setting them? A. Yes.

Q. So the books of the company show that? A. Yes.

Q. Did the company pay the superintendent for Mr. Craven? A. Did they pay for superintending?

Q. Did he superintend himself, or have someone? A. He superintended the most of it.

Q. Did the company make any cash payments on that contract as superintendent? A. No; I do not remember.

Q. His assistance in that respect, did the company pay for that? A. Yes.

Q. Were the actual payments made by the company for Mr. Craven; supposing he had a superintendent on the line, who was directing the men constructing the work? A. The company paid him and charged it to Mr. Craven's account.

Q. So that the most Craven had to do with this was making the contract, was it not? A. It is not for me to say.

Q. You hired him to build the road; then you bought the material and charged it to Craven? A. Yes.

Q. You paid the labor and charged it to Mr. Craven? A. Yes.

Q. You paid for superintending and charged that to Mr. Craven? A. Yes.

Q. You paid the engineering and charged that to Mr. Craven? A. Yes.

Q. So you did the whole thing and charged it up to Mr. Craven, what it actually cost? A. Yes.

Q. So the books will actually show what it cost in dollars and cents? A. Yes.

Q. That you paid for in cash; did it give any more than the cash payment which was made to Mr. Craven under the contract? A. The cost is just what we charged up to him.

Q. What? A. The cost is just what we charged to his account.

Q. You had a contract with him? A. Yes.

Q. That he should do the work? A. Yes.

Q. And furnish the material? A. Yes; if the company furnished the material he was to be charged.

Q. Exactly; but that is under something that followed? A. No; that is part of the agreement, I believe; part of the agreement that if the company bought the material and did the work he was to take it.

Q. You do not mean to say he contracted to furnish the material and build the road for so much? A. Yes.

Q. And then a provision if the company did it, he should be charged what it actually cost? A. I think it is.

Q. All right; it will show when we get it here; I do not care about that, Mr. Baecher, I would like to ask you some questions about the operations of the road, and this subject I have been examining you on I will take up in the morning; now, Mr. Baecher, your total mileage of both roads is about 143 miles? A. Yes.

Q. How many cars do the two companies own; look at this paper

if you want to? A. One hundred and forty-three and seven-hundredths miles of road.

Q. You own how many cars? A. Three hundred and eighty-five cars.

Q. And operate daily how many? A. Operate daily about 250; some days less and some days more.

Q. How many miles during the year do you run the cars? A. Car miles?

Q. Yes. A. Seven million six hundred and eighty-six thousand one hundred and fifty.

Q. And your total receipts are what? A. One million five hundred and seventy-five thousand seven hundred and twenty-nine dollars and eighty-two cents that is, from passengers.

Q. Have you got the total there? A. Yes.

Q. How much is the total of all earnings? A. That is all earnings from the operation of the line.

Q. That amounts to about how much a mile? A. It must be about 20 cents a mile; it would be 20 and a fraction.

Q. Twenty and one-half cents it figures up? A. Yes.

Q. So you get about $20\frac{1}{2}$ cents a mile for operating your cars? A. Yes, sir; on car miles.

Q. Twenty cents to run a car mile; that is what it means? A. Yes, sir.

Q. Now, you have carried how many transfers? A. During the year ending June 30, 1891, we carried 12,479,033 transfers.

Q. What are the total passengers? A. Out of a total number of 44,964,609.

Q. For the transfers, of course, you got no money? A. No money; we transfer free, according to an agreement with the city.

Q. Taking into consideration the transfer, about what is the cost per passenger? A. The receipts for each passenger?

Q. Yes. A. Three and one-half cents.

Q. During that time you have paid what taxes; that is, during the year? A. This is estimated on the per cent. basis?

Q. Yes. A. We paid during the last year a little over \$90,000 taxes.

Q. On the per cent. earnings you estimate your taxes what? A. Little over \$100,000.

Q. How much to the city? A. We paid $2\frac{1}{2}$ per cent. of our earnings to the city, of our gross earnings, besides the regular city taxes on the valuation of the company's property.

Q. What is the assessed valuation of your property, do you remember? A. I do not remember.

Q. It is nowhere near the eleven or twelve million? A. No; the stock has never paid any dividend, you know.

Q. What capital stock do they assess you on your capital stock, to the State? A. We never paid any, because we paid on the valuation; the valuation has been pretty low; it brought about 50 cents last year.

Q. Where you do not pay a dividend and report the property in November or December, you state the value of your stock? A. Yes.

Q. What did you state it last year? A. I think 55.

Q. Then you have to pay so much on that valuation? A. Yes.

Q. If the Comptroller's office is satisfied the valuation is fair? A. Yes; I do not remember now.

Q. Can you ascertain the assessed valuation of your property on the assessment-roll of last year? A. Yes.

Q. In the morning? A. Yes; it is a trifle over \$2,000,000; I can not give you the exact figures; it is something over \$2,000,000.

Q. Now, Mr. Baecher, I wish you would tell us your transfer system here; explain it? A. Do you want me to read from the contract; here is the contract with the city?

Q. No; no need to do that; supposing, now, that I take a car? A. You can go anywhere for one fare, if you make a continuous passage and not go in an opposite direction.

Q. You can go in any direction across the city where the company has a road for one fare? A. Both companies; it operates as a whole; you can go anywhere for a single fare, going in a single direction; you can go south and east, but you can not go south and then north.

Q. Your conductors issue the transfers? A. Yes.

Q. Supposing I come up from the Erie depot and get a transfer there at the junction of Exchange street with Main? A. Yes; you can go in any direction you like.

Q. And go up Main? A. You can go up Main to the city line.

Q. Supposing I want to branch off from Main on some line, and I am on a car that branches off; can that conductor give me a transfer? A. You can if that car —

Q. If I get a Niagara street transfer at the junction of Main and Exchange and take a Main street that would take me up as far as Niagara? A. You are supposed to take a Niagara car and no other, as long as the car itself goes there.

Q. Have you ever tried the system of having men stand on the street and issuing the transfers as the people get off the car? A. No, we have not.

Q. Have you ever known anything about the operation of that system? A. No, I have seen it in other cities; it would not be practicable here.

Q. Can a person come from the east side anywhere in the city, and striking Main street, and go either up or down Main street the entire length, or any other street running in that direction? A. Yes, sir.

Q. Or any other street branching off from it? A. Yes.

Q. Supposing a person gets on on Main street — we will say on Genessee street where it joins Main, and gets a transfer there to go down Main street? A. That is not a transfer point because the car itself runs down as far as Exchange street.

Q. Is there a transfer up Main street from cars coming from the East? A. Yes, all the Genesees transfer at Genessee, if you want to go north, but you have to take the car itself.

Q. Is there any other street you do not make a transfer? A. William street you can make a transfer north and south.

Q. Then I will come up William street; does that run east of Main? A. Yes.

Q. And I get a transfer down to Niagara street? A. Yes.

Q. Can I then get a transfer from Main into Niagara? A. That strikes Main street at Niagara.

Q. Is there any up above? A. No.

Q. Is there any place where I can get a transfer for a transfer?

A. Yes; you can get sometimes three transfers, if you are going in a continuous line, in a direct line.

Q. And in giving the number of transfers you have given here, it includes all those? A. Yes.

Q. Those that are issued for transfers as well as those issued for fares? A. Yes, but the company makes it a point to run cars so there is less transferring; they run a number of cars to the depot to provide for going in different directions.

Q. How do you heat your cars? A. Part of them are heated by electricity and part of them by stoves.

Q. Do you run any without heating at all? A. A few.

Q. Do the Niagara street cars have any heat? A. We only experimented with electricity the last year; Niagara street has stoves; Main street has electricity.

Q. Do you think it practicable to heat by electricity? A. Yes,

Q. How much more expensive is it? A. I do not know; I have not figures here to show.

Q. Could you tell if you knew how much horse-power; it takes about two horsepower to heat a car in cold weather? A. I have not the figures.

Q. Who could tell, do you think? A. Mr. Russling.

Q. Is he here? A. Yes.

Q. Now, Mr. Baecher, I wish to-morrow you would bring over those contracts that you were talking about.

By Mr. Nixon:

Q. There is a contract you have with the railroad by which you pay a certain percentage of your gross earnings to the city; is that the one you have with you? A. It is a copy of it.

Br. Mr. Wade:

Q. Bring that with you; I want to ask you about your opinion about the advisability of paying any percentage to the city; whether it would not be better to reduce your fare; think over that

and answer it in the morning? A. We are carrying them pretty cheap, now, three and a half cents.

Q. What I mean is, should not a certain class of labor have the benefit of that \$40,000, rather than have it put out for the benefit of the taxable property? A. No, that is a very deep question and I do not want to answer that; I can give you my opinion but it would not be worth much.

Resess until Wednesday, August 14, 1895, at 10 a. m.

Pursuant to adjournment the committee convened at Room 14, City and County Hall, Buffalo, N. Y., August 14, 1895, at 10 a. m.

James H. Small, called and sworn, testified:

By Mr. Wade:

Q. Where do you reside? A. At present in the city of Buffalo, 906 Seventh street.

Q. How long have you resided in the city of Buffalo? A. Buffalo is my home; I have lived here for over fifty years except when temporarily away.

Q. Have you had any experience in the surface street railway business? A. I have been almost continuously engaged in that business since 1860.

Q. Have you known something about that business in the city of Buffalo? A. I have; I drove the first street car started in the city of Buffalo on the afternoon of the 10th day of June, 1860; I drove the first car that was run in the streets of the city of Buffalo, and very soon after that, the very next day, I went into the office as cashier of the railroad company, and then about 1866, I was appointed superintendent of all the street railways in the city of Buffalo, which was then the Main, Niagara street and Batavia Street, and Genessee Street road; that was all there was here at that time.

Q. How long did you continue in that position? A. Until 1873, when I went to the old country; in the meantime I had brought

what was called the bell punch which I introduced on all the principal street railways in this country and then went to the old country and introduced it on all the street railways; I was over there for seven years, during four years of which I was manager of the Glasgow Tramway Company in Glasgow, Scotland, and one year of the London Tramway Company in London, England.

Q. When did you return? A. Eighteen hundred and eighty.

Q. Have you been engaged in the street railway business since?
A. Yes, sir.

Q. What place? A. Four years I had charge of a street railroad I was interested in in Jersey, belonging to the Erie Railway Company, the Pavonia Horse Railroad; then two years after that manager of the Mount Vernon and East Chester in Mount Vernon.

Q. Are you now engaged in the street railroad business? A. Not at the present time.

Q. There is something you wish to say about the transfer system in Buffalo? A. I might begin by saying that I do not want it understood that I have any hostility against the street railroad system in Buffalo, or anyone connected with it; on the other hand, many of them, or most of them, are particular friends of mine of 25 years standing; the president, vice-president and the attorney, Mr. Box, are all very particular friends of mine; I want it distinctly understood that anything I say is not in hostility to the railroad company or anyone connected with it; but I believe when things are properly ventilated and the attention of the community is called to certain things reforms are brought about, I believe it will add very much to the popularity and the revenue of the railroad, to make a transfer which is good for the whole of the day on which it is issued, the same as is now done in the city of New York, and I believe in other places; I might also say that I have had an experience in regard to cheap railroad fares which is different from many of the street railroad people in the country; in 1871 and 1872 — I just want to throw this thing in by way of illustration, as showing what the cheap fares has done for the railroads, and showing that many of the railroads,

if any of them, have not reached the point which is really for their interest to reach; in 1871 and 1872, when I was introducing my bell punch around the country, there was about thirteen street railroad companies in the city of Philadelphia, and I did business with twelve of those companies; the only company I did not do business with is what is called the Seventh and Ninth Street Railroad Company, and that company in those days was the only company in Philadelphia, and I think the only company in this country that gave a transfer ticket; their main line ran up and down Ninth street; in the north end they had crosstown roads over which they gave transfers, and it was said in those days a man could ride 20 miles for 6 cents; this road, just before that time, was one of the poorest roads in Philadelphia; a great many people thought that this cheap fare would impoverish the company; William Campbell, the head of the foremost traction syndicate—now dead—was the head of the People's Railroad Company at that time, and the men that are connected with that are the people who have formed a syndicate which has got control of all the street railroads in this country; they have got control of one railroad company after another in Philadelphia until, I believe, they have control of all of them, and wherever they started of their own free will and accord they introduced this transfer system, and I think that was the great cause of their great prosperity and their great success; a few years ago they got control of the Broadway road in New York and certain crosstown roads one after another; as soon as they did that they issued transfer tickets good for the day on which they were issued, and that is the history of that system, and now in the city of New York they are issuing tickets on every crosstown road, I believe, where they get the same patronage; on the elevated railroads in the city of New York in which my wife holds 50 shares of stock bought two years ago during the panic at \$1.30, I can now ride for 5 cents where a few years ago it cost me 20; I can ride from the station Mount Vernon in Westchester county, to a part of New York, for 15 cents, which a few years ago cost from 30 to 40; 15 against 40 a few years ago; now, the Man-

hattan Elevated Railroad, and every one of these railroads, have been wonderfully successful, and I believe chiefly on account of the cheap fares; a good many years ago I was a strong advocate, when the fare, except during certain hours, was 10 cents on the elevated roads in New York; I was a strong advocate for 5-cent fares, and I was one of the disgruntled Republicans who voted for Grover Cleveland and gave him 196,000 majority, and when he vetoed the 5-cent fare bill I vetoed Grover Cleveland; I thought it was a necessity and in the interests of the company, and a necessity for the people of the State of New York, and results have proved, I think, I was right; now, in 1859, when the charters were obtained for the street railroads in the city of Buffalo, they were restricted to a cash fare of 5 cents, they were to sell 100 tickets for \$3.75, they were to sell 25 tickets for \$1, they were to sell children under 12 years of age 40 tickets for \$1, they were to sell children, people attending school — and the age did not come in there — 25 tickets for 75 cents; about 1865, the Main Street Railroad, which was the Buffalo Street Railway Company at that time, went into the hands of a receiver, and about the time of their reorganization the representatives of the company went to the Legislature and got a charter allowing them to charge a cash fare of 8 cents, and if I remember rightly, to sell tickets, 10 for 60 cents, and short-ride tickets as far as Allen on Main, and Jersey on Niagara; in the meantime the two companies had consolidated; to sell those short-ride tickets, 10 for 50 cents; at that time there was a great outcry on the part of the people living beyond those streets, and I always thought, and so reasoned as president of the road at the time, that their outcry was a just one, and I went to the people and said, as soon as the company was on its feet — it was a very poor horse line, run down and rails worn out — just as soon as they could get on their feet they would reduce that fare to the old or very near the old price, and afterwards they did; when I went to the old country in 1873, I went to the city of Glasgow; I was asked to go there by a syndicate of London capitalists who had built that railroad to sell, and they wanted me to go and see what I could do towards adopting a

system that would make the road profitable; their £10 shares, with about £9 paid in, were selling, and in fact could not be sold, for £5 a share, and when I went up I looked at the road; I didn't believe it was possible to ever make that road pay, and I stated so to the London gentlemen, that I did not believe, they were hedged around with such restrictions as to rates of fare and taxes and all that thing, that I did not think it could ever pay; the road there belonged to the city of Glasgow; they had rented it to a company for 21 years to operate, and the rates of fare were restricted by an act of Parliament to one penny a mile English money, two pennies of our money, and during 5 to 7 in the morning, and 5 to 7 in the afternoon, they were required to carry passengers, artisans going to and from their work — that was the term used, for we had a fight, and we found the word "artisan" had a very broad meaning, much broader than the railroad directors thought; they were required to carry artisans for a cent a mile going to and from their work; they were required to pay the city about 7 per cent. on the investment, and 4 per cent. for rentals and repairs; each had to be paid in, all that tax, every six months to the corporation, and they were required to pay £750 per year rental per mile to the corporation; and the city of Glasgow at that time was very circumscribed, and on the outside of the city on either road were the tramway lines; there were toll-gates, turnpike trusts they called them, and we had to pay a very expensive toll across every bridge in the city of Glasgow, and altogether their taxes and rates of fare seemed so stringent and so different from any other place in the world that it did not seem to me, though believer as I was in cheap fares, that it was possible to make that road pay; the directors of the road asked me to take hold of it, and elected me managing director at \$5,000 a year; they carried for me 500 shares at £500 a share; the syndicate carried it; I took the management of the company, and in about three years the shares that could not be sold for £5 a share sold for £16 a share; we paid 7 per cent. dividend; the syndicate built that road, of which Junius S. Morgan was — and sold their shares all the way from £10 to £14 a

share, and got all out of the concern, and then, with myself, they formed another combination, and went to work and bought the London Tramway Company, bought a controlling interest, where the rate of fare was limited by act of Parliament to three pence for any distance, and that road had been a failure for a matter of 10 years, and our people thought, from the experience they had, that the way to make that road pay was to introduce the very system of fares which they had in operation in Glasgow, and which fares in Glasgow they tried very hard to get set aside; they tried very hard to get a uniform rate fixed of two pence for any distance; it is a very difficult matter to get an act of Parliament changed, and they could not get the town council of Glasgow to agree to any modification of the lease, consequently they were obliged to make the best they could out of the lease; now, they thought, four years after that, that the only way to make the London Tramway pay was to introduce this very cheap system in London, and to introduce it as a business measure; we obtained control of that road, and elected me managing director, at \$5,000 a year, and we reduced the rates to two pence a mile, and for certain places we carried people two miles; we had a very fierce competition with the London Omnibus Company, which ran busses over all our roads, and the overhead railroads; and we, in certain cases, carried them two miles for a penny, for just a penny a mile; the result was that that road became one of the most profitable roads in the world; it has been so ever since; I merely mention this to show my reasons for cheap fare; now, I believe that if the Buffalo Railroad Company were to issue transfer tickets, which would be good for the day on which they were issued, the same as they do in New York, that it would add enormously to their business.

By Mr. Nixon:

Q. You are positive about that? A. I am very positive in my own mind; I base it on the experience I have had in these different places, that everywhere where the fares have been reduced the business has increased enormously, and the profits to a corres-

ponding extent, and if I were building a railroad — when I came back to New York, in 1880, I said to some of the directors of the Third Avenue Railroad, with whom I am well acquainted, “Gentlemen, if I were in your place, do you know what I would do, as a business measure (and I say it to-day); I would sell 10 tickets for 25 cents; one of those tickets should be good for a mile, or any less distance, and two of them should be good for the whole length of the road; and the result would be that every single man, woman and child on the length of that railroad, on that 10 or 12 miles of railroad, would be provided with tickets, no person would walk two and one-half blocks when they could ride for two and one-half cents;” when I am in New York running around a great deal, I do not like to pay every time I want to go for a dozen blocks, five cents, but if I could ride for two and one-half cents, if I had 10 tickets in my pocket which were good for up to a mile, half a mile, quarter of a mile, I never would walk a quarter of a mile; now, I often walk an eighth of a mile; I believe I am a fair specimen of the human race; I am not very avaricious or very stingy, and yet I am just avaricious enough and stingy enough to refuse to pay for riding one-eighth of a mile, when I have the use of my limbs and not pressed for time; now, as showing my ideas in the matter further, I might say that I took a little railroad from the New York and Erie Railroad Company, in Jersey City; I made a contract with the Erie Railroad Company, by which I was to put in \$10,000 and they put in \$10,000, and put in their road at \$40,000; this was a road built by Fisk and Gould in 1870, and had been a dead weight on their hands up to the time I took hold of it, and it was sandwiched in between two large companies, the North Jersey Railroad Company and the Jersey City and Bergen Railroad Company, one belonging to the Stevens estate and one that formerly belonged to the Pennsylvania road; and this poor, miserable little road, which run through a swamp and through a sparsely settled district, had been running behind from \$7,500 to \$25,000 a year from the time it was built; they showed me the books when I took hold of it; the very first year I made it pay, and the records will show; they will show \$1,500 to me as salary,

\$1,500 to the Erie; 6 per cent. on all the money they had invested, 6 per cent. on all I invested, and the excess divided equally between us, \$1,125 to each of us the first year; my proposition was to take their road and sell these tickets at the rate of 10 for 25 cents; I did not put it in operation, because I could not get the Erie Railroad Company to agree to it with me to sell 10 tickets for 25 cents; I divided the road in two sections, running from the ferry to Bergen Hill, about a mile and a half; let a man get on there and ride to any other place, to the ferry; there was a certain portion where people walked to and from the ferry, and I had a man stand there several days and count the people walking, half a mile from the ferry; we found there was over 10,000 people passed to the ferry, or vicinity of the ferry; I reasoned to myself that if we can get 1,000 at two and one-half cents that do not at the present time pay anything, it will give us an enormous revenue; and then I would provide that one of my tickets should be good for a ride over the ferry, so when a person went to work in the morning, even over a mile from it, they would pay two and one-half cents to the ferry, two and one-half cents over the ferry, two and one-half cents back on the ferry, and two and one-half cents on the railroad; I figured we would get thousands where we did not get a cent; then I proposed to go further than that, and make an arrangement with the Chambers Street Railway Company, which had not been cabled up by Broadway at that time, that one of these tickets should carry a passenger over their road, or at least to Broadway; I did not get control of that company; the Erie Company broke faith with me and sold the road for \$100,000 cash; I have not a doubt but that that policy would pay that company enormously; I believe that road would to-day be worth \$1,000,000; I have so much faith that I did put up every dollar I could scrape in the world to take hold of that road; when my friends saw me take hold of that road they said, "You are a bigger fool than we thought you, because we do not believe any other man in the country would do that;" but my faith in cheap fares was so strong that I knew if that policy was inaugurated that within one year, instead of being worth \$40,000, that road

would have been worth \$200,000; and I believe, if to-day, if the Buffalo Railroad Company, or any other railroad company, would introduce something of that kind, they could not get cars enough on the road to carry the people; for instance, I this morning wanted to go a short way on Broadway; I came down on the Niagara street car, and got a transfer ticket and just out here I got off a car, talking with a gentleman on a matter of business, and talked with him a few minutes, and then walked to the corner of Main and Niagara to catch the Broadway car, and my ticket was limited to 9.30; I got there at 9.30, and if the car was there it was all right; I did not want to go a great ways, and it did not make much difference; the car did not come, and I said the next car will be 9.45, and the ticket would not be good; consequently I walked; I think they would catch such an enormous number of passengers it would make, and more than make up, the losses on the through fares.

By Mr. Wade:

Q. You would make the transfer good during the day? A. Yes, not only good during the day, but good during all time; it would be an unlimited ticket; it would be two of the tickets for the whole length of the road, and one of the tickets for half or less than half of the road.

By Mr. Nixon:

Q. Don't you think the time for the fare is in the early morning and evening? A. No, sir; I do not think there is any use of splitting hairs; make it all day long and all night long, and Sundays and every day, as we said in London; I will show you the result in London; we had a road running from Westminster bridge to London park, seven miles long; on the seven miles we had competition with an overhead railroad which had frequent stops; at the lower end of that way down at Greenwich park, there is a large population of very poor people living, and a little west of that end of the road there is a very large market, called the Detford market, where they sold everything people wanted

to buy; when we started and carried people for two cents up to the end of this market our cars at certain times going from East Greenwich to Detford market were just as crowded as they were in starting from Westminster bridge in starting out; there was a traffic we never got before; the very poor people could not afford to pay four cents to ride that mile and back again, but they could afford to pay a penny, two cents; they would come up there and buy their meat and bread and everything they wanted; on the other side of the River Thames is what is called the "Unwashed Millions;" we made it possible for people to ride on those cars that never rode before; in the city of Glasgow the same way; a curious thing occurred in Glasgow; as soon as this tramway was started and put in operation very few working men carried their dinners, but there was an immense number of children that got on their cars with a penny and carried their fathers' dinner, so he had it warm from the house; they could not afford to send a child on the cars if it cost two pennies; they could if it cost a penny; an old friend of mine, a relative (my people were originally from Ireland, and a branch of the family that never came to this country), I got acquainted with there; a cousin of mine; she was married to a young man in Glasgow who is in the industrial insurance business, and they used to ride a great deal on the car on the company's system; after a while he was transferred down to Liverpool; he went to live on the outskirts of Berkenhead, on the outskirts of Liverpool, when I went to see them, and I talked with her, and I said, do you ride on the tramway cars now; I was getting information; she says, oh, no, we never ride on the tramway cars now; "Why?" the fare was two pennies for any distance on those lines; she says, very frequently I came down to meet my husband on his way home in the evening, and we walk home because we can not afford to pay four pennies; if we had the same system as in Glasgow we would ride because it would cost us but two pennies; two pennies means a loaf of bread to us; they were poor people; that is the sentiment and feeling among the poor people; there is not any question about the system being profitable because it has been demonstrated; what I have said are facts

that can be verified by the records, and it is just a question whether a thing should not be carried right here in Buffalo whether it would not be very profitable for the company to do it, and I wonder the people do not take up the questions and press them home on the people; speaking on that very point to the vice-president of the Buffalo Railroad Company a few years ago, when he was president of the Louisville City Railroad Company and I was doing business with him, I said to him in regard to a patent of mine used on the system — it was a system by which fare could be dropped into a little tube and run down into the box, so a passenger could pay his fare anywhere in the car, and he could stand on the rear end, if necessary, and drop his fare in; the presumption was, and argument used by Mr. Littell, that if we put it on our cars, and if it is a success, we will have to put it on every one of our cars, because the people will demand it; and that was the sentiment of a great many railroad men, too; a great many refused to put it on, because, if it was a success, it would have to put it on all; I am sorry to say the disposition of the railroad companies at that time was to do as little for the people and get as much money out of the people as they could; that was the general disposition; there were exceptions as in the case of these Philadelphia people, but the result was that they got all the profit, all there was out of the thing by their liberal policy towards the people; we put this in thirteen cars of the Louisville City Company, and it worked to a charm, and after a while they put it on ten cars more; I went there and put it on, and staid three months to see the thing properly worked; after they put it on ten cars it was a year or year and a half before they put it on more cars; I said to Mr. Littell, why is it that the people do not rise up and say, you must put it on all; you only have it on 20 per cent. of the cars; they do not cost you much money; they do not cost you more than \$15 a car; why don't you put them on and make things easy; you have a monopoly of the thing; in answer he said: Mr. Small, we dare not do it; the public are afraid they will incur the hostility of someone; that is the feeling of the public; I do not look at it in that light; I said in the beginning,

Mr. Box and Mr. Watson and Mr. Littell are friends of old standing; I do not say it from any hostility towards the road, but I think when these things are properly brought before the railroad company by the people, the railroad company will give attention. In many cases the railroad company will take it up and in many cases give the reforms they ask for; in that spirit I bring it up.

Q. What do you think of the railroad companies paying a percentage of the gross receipts to the city? A. I do not think they should pay any percentage of gross receipts to the city at all; I think that it should be eliminated from any charter in the State of New York or any other State; I think the people should get the benefit of the whole thing; these roads are built and operated primarily for the public, and not for Tom, Dick and Harry, who never patronize the cars; give them every facility you can and every chance you can and show them the true policy for them to pursue; show them that liberality and firmness is what the people want, and I say as a practical railroad man of thirty-five years' experience, starting as a driver and working up to managing director in London and Glasgow, and superintendent in Buffalo, I have never found the people in any place who were not willing to meet the railroad company in a spirit of liberality and firmness, if the railroad company would in the same way; I will give you another illustration of the attitude of a railroad company; the other day a gentleman asked me if I was acquainted with Mr. Watson; I said I am very well acquainted with him; will you give me an introduction to him; I said, yes; he said, the cars run down to our section of the city every 24 minutes, and if we do not happen to get a car that goes through to the city line we have got to wait 12 or 24 minutes at some place, either at Hertel avenue or Main street, or wherever we want to take that car; if we just miss the car we wait 24 minutes; our section of the city is largely peopled by artisans, people who have to go to their business in the morning and come home in the evening, and we have not got a car down there for that mile or mile and a half of road after 9.20 or 9.40 at night; I said, that is wrong; I said, if you will see Mr. Watson and lay the matter properly before him he will give

you more frequent service; he said, I have already been to see Mr. Littell, and practically he told me he would be damned if he would; I said, that don't make any difference; he may have felt a little off; I said, you see Mr. Watson; he is a genial man and he will treat you kindly and civilly, if he don't do anything for you; I inquired for Mr. Watson and they told me he had just gone on his holiday; Mr. Littell I knew to be away; they told me Mr. Russling, the superintendent, attended to that business; I asked if we might see Mr. Russling; I had never met the gentleman before, and did not know anything about him; we were invited to come and see Mr. Russling, and my friend talked the matter over with him; I presume it was the first time the matter was brought to his attention; he said, it is not right that you do not have a car later than that at night; I will see that you get that anyway, and I will take up the other matter and see if I can do anything for you; I say, there is the difference in the two men; perhaps Mr. Littell did not feel just right; but there is too much of this feeling "the people be damned"; I say, sugar catches more flies than vinegar; I say the people who have got rich out of the public should have a very great respect for the public; it is not asking a great deal to ask that they do that thing.

By Mr. Nixon:

Q. Do you wish to make any further statement? A. No, unless you wish to ask some questions.

Mr. Box.— I would like to ask one or two questions in this matter.

Q. What compensation did you give to your conductors abroad? A. There is one question I would like to enlarge on.

Q. I do not care for a speech, I just simply care for the answer, what you paid? A. I raised the wages from a pound a week, 18 to 20 shillings, to 40 shillings a week; I raised the wages; I am going to say a little further, with your permission; it is a subject close to my heart; when I was superintendent of street railroads in Buffalo I introduced a system which was never introduced on any other railroad, except the railroads I managed, I

believe, in the world; I said, to begin with, this railroad company has got to have the very best kind of men that can be obtained — men that are suitable in every way for this business; when I took the management of that company, Mr. Box knows I appointed him as attorney for the company in the first place; the present secretary of the company had worked for me a little boy in the office; they all know it; I said, they have got to have the best of men they can have; what was the state of the facts; we put on a conductor, and just as soon as he was broke into his work — every man has got to serve an apprenticeship; some require longer than others; we found just as soon as we got the man broke into his business, then we had to discharge him for getting drunk, letting someone fall off the car, or for knocking down to such an extent we could not stand it; I said, this must be stopped; I put the bell punch in operation; that was not sufficient; that was what most of the railroads have done at the present time; I did not regard the bell punch of sufficient extent to keep people honest; I said, we must have men that are not thieves or drunkards, and capable and smart enough to do this kind of work, and do it well — men that will stay with us from one year's end to the other; there is not going to be a particle of good in shaking up every thirty or sixty days, which most of the roads in the country are still doing, giving every thirty or sixty days to terrorize them, discharging 30 or 40 men in a bunch without any reason; I said, these men that we employ must be men in the first place, and in the second place, we must treat them as men, and I insisted on this system and said, a man that comes must put up \$25 as security; that seemed like a hardship, but a man that can not raise \$25 from his friends, or someone else, is not of much account in the open world; there may be exceptional cases, but that is the rule; he must have his \$25; if there is no one that will trust him for \$25 why should I trust him to collect \$30 or \$40 a day of this company's money; he will get \$2 a day, and at the end of sixty days he will get 25 cents extra for each and every day he has worked, or if he quits or gets discharged in the meantime he gets but \$2 a day; at the end of a year he will get another 25 cents for

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each day he has worked that year; if he stays the whole year his work will average \$2.50; if he stays but sixty days he will get but \$2; every day that man works for us up to a year, he is worth \$2.50 a day; many men stayed and got, at the end of the year, \$90, and we were not continually discharging men; once in a while we caught a thief, and I went for him, and I think I am the only railroad superintendent in the country that ever convicted a man of that; my friend here helped me and pulled me through; he was a hustler; he drew this contract with my assistance; of course, he couldn't have drawn it alone; I say, look at the way conductors are treated; it is a perfect farce and a perfect shame; here are men in Jersey City, and I say it is a crying sham — I take the New York Sun, and I read it every day, although I am a good Republican; I do not take up a copy of that paper but what I see a man, woman or child run over or maimed; one part of the business is to prevent loss of life; in 1860, or earlier, every single charter that was granted by the Legislature of the State of New York says you shall not run at a rate of speed to exceed 6 miles an hour; we knew if our cars ran at the rate of 7 miles, and ran over someone and killed them we would be liable for it; now, then, as I say, here they go through Jersey City and Brooklyn; they have been restrained and stopped in Brooklyn to a certain extent; I have seen them go 20 miles an hour down Newark avenue; I say, and the point I wish to make is this, that they want to exercise the greatest amount of care and judgment in the employing of these men; it is not sufficient for the railroad company to say there are thousands of men; if you do not like the place we will fire you out; there are thousands of men looking at your place; when I had a situation at \$5,000 a year there were thousands looking for my place; the railroad company did not ask that to me; get good men and give them good wages; if my system had been inaugurated there never would have been a strike; I asked the Third Avenue Railroad, the Metropolitan, of Boston, to introduce this system and pay these men a graduated scale of wages, so the men would feel there was an inducement to stay year after year; there was an inducement to keep him honest;

if he was not honest, try him like a criminal and send him to prison, as I and my friend Mr. Box did twenty-five years years ago in Buffalo; if he is a man, treat him like a man; the Third Avenue Railroad put this punch on, and the records will show they saved a net increase of \$5 per day per car, after paying the royalty on the punch and incidental expenses; they saved \$5 a car a day; how much did they pay their conductors; before that time the conductor did not care what he got; 50 cents or a dollar; I have known where they have made \$15 a day here in Buffalo; the Third Avenue Railroad and other railroads state, we have got you fellows now where we are going to fix you, and every man who does not punch a fare, and punch it in the presence of the passenger; I am proud to say I never discharged a man without giving the reason, and giving him a chance to disprove it if he could; when these conductors were fired out by the thousand, and their lives made miserable and wretched, and compelled to work fifteen or sixteen hours a day, as they did then, you must remember \$2 a day don't mean \$12 a week; every day he is off, so if he averages \$8 or \$10 is a good thing; here is a man who has life and limb and a great amount of money intrusted to his care, and must be smart and active in every way; what was the next step; the conductors and drivers formed this league, and the next thing we knew was a great strike on the Third Avenue in New York, which I say was a great crime, and brought about by the directors of that road and the policy they inaugurated.

Mr. Nixon.— Mr. Box, do you desire to ask Mr. Small any further questions?

Mr. Box.— I do not think I do.

Mr. Nixon.— We are very much obliged to you, Mr. Small.

Mr. Small.— All right, sir.

J. S. Baecher, recalled, testified:

By Mr. Wade:

Q. Now, have you with you the contract that was made be-

tween the railroad company and Clark & Company, for the construction of some portion of the road?

(Witness hands paper to counsel.)

A. Is this it?

Q. That is the Crosstown road; Mr. Baecher, what was the amount of road included within this contract of July 1, 1890? A. I do not remember; I would have to look at it.

Q. It does not state; the maximum amount is 25 miles, as stated in the contract; the minimum is not given; it is simply a contract to carry out the contract of the road? A. I did not read it through.

Mr. Wade.—I want to offer it in evidence. Omitting the recitals, it is a contract dated the 1st day of July, 1890, between the Crosstown Street Railway Company of Buffalo and E. W. Clark & Company, bankers, of Philadelphia:

“Now, therefore, this agreement, witnesseth: That for and in consideration of the sum of \$1, to it in hand paid, by the parties of the second part, the receipt whereof is hereby acknowledged, and of the performance and fulfillment of the agreements hereinafter contained, by the parties of the second part, said party of the first part does for itself, its successors and assigns, hereby agree to issue and deliver to the said parties of the second part its full capital stock at the face value of \$100 per share, to the amount of \$495,000, and in addition thereto, to pay to said second parties the sum of \$500,000 in money, such stock to be issued as aforesaid, and such payment to be made upon the completion of the work and fulfillment of the agreements hereinafter mentioned.

“And the parties of the second part do hereby promise and agree to and with the parties of the first part, for and in consideration of the agreements hereinbefore set forth to be performed by said party of the first part, that they will at once relieve said first party of all liability upon all contracts for work, or materials or both, and also all indebtedness incurred for obtaining the consents of property-owners, as required by law, which has heretofore been incurred by it in the work of con-

structing its railroad in Main, Sycamore, Seneca, Elk, Perry, Michigan, Washington and Clinton streets, or in any of said streets, and such other streets as may be determined upon by the party of the first part; and said parties of the second part hereby further agree to make such advances as shall be sufficient to pay off all sums due or to become due upon said contracts and indebtedness for obtaining consents, and they agree to assume the said contracts and such indebtedness, and to carry out the same in the place of said first party, and to hold said party of the first part harmless and free from all liability under said contracts, and all of the same, as well as from the indebtedness aforesaid.

"And the said parties of the second part do hereby further agree that they will obtain the consents of property-owners, and will construct or cause to be constructed, and advance sums sufficient to pay for all portions of said railroad of the party of the first part, not covered by contracts aforesaid, and to be constructed in the streets aforesaid as soon as required by the party of the first part, all work to be done in the manner prescribed by and to the satisfaction of the party of the first part in accordance with the terms, conditions and restrictions of the grant of the common council hereinbefore referred to.

"It is mutually agreed that the length of the road constructed and to be constructed and paid for by the parties of the second part under the terms of this contract shall not exceed in the aggregate the length of 25 miles.

"In witness whereof," etc.

Q. Are you able to state the amount of road that was actually constructed under that contract? A. Twenty-five miles were constructed under it.

Q. And that was on the streets named in the contract? A. Yes.

Q. At the time that that contract was entered into had the company itself done any of the work or purchased any of the material for any of the road within either of these streets? A. To the best of my knowledge it had.

Q. Can you state to what extent? A. No.

Q. Now, after the execution of the contract was the material for the construction of the railroad purchased in the name of the road—in the name of the company? A. I think a part of it was purchased by the company and part by Clark & Company; they made some contracts.

Q. Were they made in the name of the company? A. I think they were.

By Mr. Box:

Q. Do you understand just what the question is; I will put it in this way; did the company buy the rails for Clark & Company?

A. I think Clark & Company made some of the contracts.

Q. No; were they made in the name of the railroad company?

A. I think they were.

Q. So the whole thing went onto the books in the name of the railroad company? A. Yes.

Q. And the books of the railroad company show the actual cost of that road in dollars and cents? A. Yes.

Q. Does that contract include the wiring? A. I do not remember.

Q. Was the wiring done under that contract? A. I do not remember.

Q. Can you, from your books, Mr. Baecher, state the actual cost of the work and material done and used on the street covered by this contract? A. No.

Q. Was it mixed right in with the balance of the road, the construction of this portion? A. I think a portion of it was.

Q. How could you tell, then? A. I do not believe you could get it accurately.

Q. How could you tell, then, whether Clark & Company were furnishing sufficient money; had you any means of knowing? A. Yes.

Q. How? A. We drew on them.

Q. Yes, but you couldn't tell how much to draw for; other sections of the road were built then? A. Not at that time.

Q. Then your books ought to show, if this is the only work you

were doing, and the cost of it; why won't they? A. They may show pretty nearly what it was.

Q. Did it equal the \$495,000, or the \$500,000? A. I do not know.

Q. Did you ever know? A. I suppose I did, yes.

Q. Was your attention ever called to see whether the actual money provided for was sufficient to do the work? A. It must have been at the time; I do not remember now.

Q. Now how was that \$500,000 obtained; that is, I want to know whether it was obtained by a sale of bonds? A. Some part of it; the bonds were sold subsequently to make it up.

Q. A temporary loan? A. A temporary loan from Clark & Company; they furnished the money.

Q. Here you agree to pay them money under the contract? A. They agreed to furnish the funds to build the road, which they did.

Q. In consideration of which you agreed to pay them \$500,000 in money? A. We subsequently paid them.

Q. How? A. By the sale of bonds.

Q. You were to give them \$495,000 in stock and \$500,000 in money? A. Yes.

Q. And subsequently you did, as provided by that contract, give them that money? A. Yes.

Q. And obtained it how? A. By the sale of bonds; by mortgaging the property of the company.

Q. Was it finally paid in that way? A. Yes, it was finally paid in that way; all the temporary loans we paid up.

Q. Now, I want to know will the books of your company show all it cost either the railroad or Clark & Company to construct and build the road provided for by that contract? A. I do not know whether they will or not; they may have shown at the time but subsequent accounts added to these entries so you can not tell where to draw the line.

Q. How would subsequent entries in the books of the railroad company get mixed up with Clark & Company? A. Oh, Clark & Company's account will show what we paid them.

Q. Here you made a contract that they should pay for the construction of the road? A. Yes.

Q. They went right on and constructed it? A. Yes.

By Mr. Box:

Q. Do you mean that we did or that Clark & Company did? A. Clark & Company made some of the contracts and furnished the funds.

By Mr. Wade:

Q. Who employed the men? A. I think it was the Field Engineering men that did the actual work.

Q. Under this contract? A. Yes.

Q. Who paid them? A. We drew on Clark & Company.

Q. How? A. We gave them drafts on Clark & Company.

Q. Gave the men? A. Gave the Field Engineering Company drafts on Clark & Company.

Q. Mr. Baecher, do your books show just what was done with the money that you drew on Clark & Company for? A. No.

Q. How much did the Field Engineering Company get for building that road under this contract? A. Simply labor.

Q. How much did they get? A. They got a commission of 5 per cent.

Q. Five per cent. on what? A. Of what the labor amounted to.

Q. Then you must have something somewhere that shows the amount of labor? A. I suppose we could pick it out.

Q. You did some time know just what it was? A. Yes.

Q. You knew because you figured up the 5 per cent? A. It was for labor only.

Q. Certainly; you gave the engineering company 5 per cent. for what, or Clark & Company gave that for what; for superintending the work? A. For superintending the work?

Q. That was just 5 per cent. on the amount of the labor required to do it? A. It was labor and I think some other small things which they had ordered.

Q. And you have got somewhere, someone has got somewhere,
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the total cost of the labor and those other small things upon which the five per cent. was paid? A. Yes, I think it could be ascertained.

Q. Where? A. From the books.

Q. At your office? A. Yes; it would be quite a good deal of work.

Q. Did you have any other transactions with the Engineering Company? A. Yes.

Q. Of what character? A. Building railroads and putting in electric machinery.

Q. Of similar character to this? A. Yes.

Q. Then you paid the labor and the engineering company 5 per cent? A. Yes.

Q. And you paid for the material, you told me yesterday; that is, Clark & Company paid for it through you? A. Yes, they paid for it through us.

Q. So you knew that the amount was? A. Yes.

Q. Now, can you tell us approximately the cost of that 25 miles of road referred to in this contract? A. Do you want me to guess at it?

By Mr. Box:

Q. If you don't know, say so? A. I don't know.

By Mr. Wade:

Q. Can you state about the amount? A. I could guess at it.

Q. No, I don't want you to do that; can you state whether it was more or less than the \$500,000 of money provided for by the contract? A. No.

Q. You can not state that? A. No.

Q. Well, Mr. Baecher, do you, by virtue of your office, have charge of the books? A. Yes.

Q. And are familiar with them? A. Yes.

Q. Would you be willing that an expert sent there by the committee, would you be willing to have the expert examine the books?

A. I have nothing to say; it is not for me to say.

Mr. Box.—He is simply employed and has nothing to say; I think I can say you can send your expert.

By Mr. Wade:

Q. Now, Mr. Baecher, could you not ascertain and tell us the cost of a mile of road under that contract; could you not ascertain by reference to your books a little while? A. I could give you a close answer, but it might not be quite accurate.

Q. Could you not approximate very close at it? A. I could guess at it.

Q. Well, what do you guess it cost; just guess on it once?

Mr. Box.—I object to that on the ground to guess at the thing is not giving evidence.

Mr. Wade.—You know we are not governed by any rules.

Mr. Box.—When I have offered access to the books it does not seem to me that we ought to have guessing. We shall try to ascertain from the books what it cost. I suppose the company gave just what it agreed to give these people, the money and the stock. Just what the profits were to Clark & Co., I do not know whether those are certain or not, or whether they can be ascertained.

By Mr. Wade:

Q. Now, have you any other contract for the construction of the road? A. A contract made with Mr. Field.

Q. That is the Field Engineering Company? A. It was made with him personally.

Q. Is this for the same road that was referred to in that last contract? A. The same company; yes, sir.

Q. No; it can not be. A. It does not cover the same piece of road.

Q. I want to put this contract in evidence, Mr. Stenographer; it is a contract dated the 30th day of March, 1892, between Cornelius J. Field, of the city of New York, of the first part, and the Crosstown Street Railroad Company of the second part; omitting the recitals it is as follows:

Now, therefore, this agreement witnesseth, that for and in consideration of the sum of \$1 to the party of the second part, in hand paid by the said railway company, the receipt whereof is hereby acknowledged, and of the performance and fulfillments of agreements hereinafter contained by the party of the second part, the said party of the first part hereby agrees that he will undertake, carry out and complete the work of constructing 15 miles of lines of electric railroad of the party of the second part, as said railway company shall designate and require, and will perform all work and furnish all articles and supplies necessary to be used in the construction of the track and line work of said railway company; and that he will also perform the necessary labor and furnish all materials necessary for the underground construction, and for paving and for track work and conduits as shall be found necessary in said work; all such materials furnished and all work to be performed to be of a quality and character which will make said railroad, when constructed, equal in every respect to the electric lines now completed on Main, Niagara, Seneca or Elk streets, within the city of Buffalo; he also agrees to furnish and supply to said railway company such cars, not to exceed 60 in number, complete and ready for use, with proper motor-car equipment and insulation, as shall be needed in the operation of its said railroad. Said party of the first part further agrees to furnish to said railway company such electrical construction as shall be sufficient for the purpose of operating its said railroad now constructed, and to be constructed, under this contract, to the satisfaction of said railway company.

Said party of the first part further agrees that he will at once relieve said second party from all liability upon all contracts of work or material, or both, which has heretofore been incurred by it in the work of constructing not to exceed five miles of its railroad in the city of Buffalo, together with the work of underground construction, performed in behalf of such railroad, and will make such advances as will be sufficient to pay off all sums due or to become due upon such contracts; and he agrees to assume such

indebtedness and to hold said party of the second part harmless by reason of the same.

And he further agrees that all work done by him and all materials furnished in and about the work of constructing the said railroad of said railway company shall be done in the manner prescribed by and to the satisfaction of the said party of the second part, and in accordance with the terms and conditions of its grant from the common council of the city of Buffalo to build and construct the said road.

And the party of the second part hereby agrees that for and in consideration of the performance and fulfillment of the agreements hereinbefore contained, by and on the part of the party of the first part, it will pay to the party of the first part, or his assigns, the sum of \$450,000 in cash, and will deliver to said first party, in addition thereto, the paid-up capital stock of said railway company, to the amount of 7,200 shares, of the value of \$100 each, in the manner following; that is to say, in installments of 400 shares of the capital stock and \$30,000 in cash upon the completion of each mile of single track of the railroad and delivery of four cars for each mile constructed under this contract.

It is mutually agreed that payment by the party of the first part, or his assigns, of said debts heretofore incurred in the construction of the railroad of said railway company as aforesaid, shall be deemed a completion of the single track under this contract to the extent of the mileage constructed to which said indebtedness extends.

It is further agreed that said party of the first will perform all work and furnish all materials under this contract at times and in such place as he shall be requested so to do by the party of the first part.

In witness whereof, and so forth.

Q. Now, Mr. Baecher, that was three years ago this summer that that road was constructed, was it not, under that contract? A. Yes.

Q. What part in the construction of that road did your railroad

company actually take, if any; did it pay for the material? A. Yes.

Q. Did it pay the labor? A. Yes.

Q. As it did under the contract with Clark & Co.? A. Yes.

Q. How did it obtain money to do so? A. Part of that money was advanced by the Buffalo Railway Company.

Q. By the Buffalo Railway Company? A. Yes.

Q. Was a sale of bonds made about this time? A. Yes; must have been.

Q. Now, how was Mr. Field — every time you paid for any labor — A. That was charged to Mr. Field's account.

Q. And every time you paid for any labor it was charged to Mr. Field's account? A. Yes.

Q. Mr. Field's account will actually show what that road actually cost? A. It ought to show pretty near.

Q. Do you remember that amount? A. No.

Q. Will you look that up, also? A. Yes, sir.

Q. Did it buy the cars, the company pay for the cars and charge it to Mr. Field? A. Yes.

Q. You notice this contract provides for the delivery of four cars per mile? A. That is right.

Q. This stock that was given out under these two contracts, with the cash payment by the company, do you know what was done with it? A. Yes.

Q. What was? A. It was given to the Buffalo Railway Company.

Q. To the Buffalo Railway Company? A. Yes; the Buffalo Railway Company had made advances to the company and the stock was turned to the Buffalo Railway Company.

Q. This stock is to Mr. Field? A. It was turned into the Buffalo Railway Company.

Q. For what? A. For advances on the work.

Q. Was the Buffalo Railway Company paid back? A. It still held bonds for the advancement of this money.

Q. The bonds of the Crosstown? A. Yes, sir.

Q. Was all the stock that was given out in the construction contracts by the Crosstown road turned over by the contractor to the Buffalo Railway Company? A. It either has been or is to be.

Q. That was the arrangement? A. Yes.

Q. Now, in the reconstruction of the roads of the Buffalo Railway Company were contracts made with contractors or construction companies? A. There was one.

Q. Who was that made with? A. It was made with Murray Verner, of Pittsburg.

Q. How much of road did it cover? A. It covered not only road but station equipment.

Q. Generators? A. Yes, sir.

Q. And electrical appliances? A. Yes.

Q. Boilers, engines and so forth? A. Yes.

Q. Where is that contract? A. I think you have looked at that this morning, didn't you?

Mr. Box.— I think that contract is in our control.

By Mr. Wade:

Q. If you will bring it over some time? A. I haven't it with me.

Q. Under that contract was the payment made in bonds and stock, or how? A. It was made in bonds and stock.

Q. What was done with that stock by the contractor? A. It went to the contractor.

Q. And how much of it, do you mean? A. It is on the report, \$370,000.

Q. That is the one we had yesterday? A. Yes; that is all Buffalo Railway stock that went out on contract.

Q. Does that contractor own that stock yet? A. No; he does not own it; I know he does not hold as much as that.

Q. Do you know whether there was some arrangement by which that was to be turned back to some one connected with the company? A. I have no positive knowledge on that.

Q. Have you some knowledge? A. Not that I can swear to.

Q. Did you understand some one was to come back that way?
A. No; I understood there was other parties with Verner.

Q. Who were they? A. I do not know.

Q. Whom did you understand they were? A. I do not know; I haven't any definite knowledge.

Q. Were they already directors of the company, some of them?
A. I do not know; the company at that time was pressed; it had its contracts ordered, and I suppose it did as well as it could to raise the money to build the track.

Q. Who was the controlling spirit in the road at that time; that is, who had control of it; were they Philadelphia parties?
A. Mr. McKee was the largest stockholder.

Q. Is the stock book of the company in your custody? A. A copy of it; the transfer agent is in New York and I keep a copy of it.

Q. The stock ledger, I mean? A. They send the transfers here and we make an entry on our books and keep a copy of it.

Q. The Crosstown road is incorporated for how much? A. The capital?

Q. Yes. A. Three millions.

Q. Three millions; has there been any stock issued since this report? A. Yes.

Q. How much? A. It is now \$2,277,000.

Q. You gave me that yesterday, did you not? A. Yes.

Q. Two million two hundred and seventy-seven thousand dollars; \$5,000 is the only money that has ever been paid into the treasury on the issue of this stock? A. Yes.

Q. And that was the first \$5,000 taken? A. Yes.

Q. Subscribed for by the certificate of incorporation, was it not? A. Yes.

Q. When was the last issue of stock made? A. In June.

Q. Eighteen hundred and ninety-five? A. Yes.

Q. For what? A. Under the construction contract.

Q. With whom? A. With Mr. J. C. Craven.

Q. Where does he reside? A. I think he is in New Orleans now.

Q. Oh, yes; you told me about him yesterday. A. Yes.

Q. And have you got that contract here? A. No; it is a similar one to these.

Q. I wish you would bring that over, please, this afternoon.

Mr. Box.—We looked for it, and we could not find that contract.

By Mr. Wade:

Q. Now, how much stock was issued to Mr. Craven in June?

A. I do not remember.

Q. About how much, if you can state? A. It must have been about or something like \$50,000.

Q. Fifty thousand dollars? A. Something like it; it may have been a little more or less; it was issued under the contract.

Q. To whom? A. To parties to whom it had been assigned from Mr. Craven.

Q. Now, who were they? A. C. C. Tyler and R. L. Fry, as trustees for the benefit of the Buffalo Railway Company.

Q. It was all assigned to whom, practically to the Buffalo Railway Company? A. Yes.

Q. Now, Mr. Baecher, is it not a fact that under that contract a sufficient amount of money was paid by the Crosstown road to pay the cost of the construction and a fair profit outside of the stock? A. A fair profit; I should say no.

Q. A fair profit to the contractor? A. No.

Q. Did the contractor really have much to do with the construction of the road under the contract? A. He superintended it while he was here and purchased a good deal of material.

Q. Was not the cash payment made by the railroad company under the contract with Mr. Craven sufficient to pay the cost of construction and the expense of superintending it? A. What is the question, Mr. Box; do I have to answer that?

By Mr. Box:

Q. If you know, you are obliged to answer, I suppose; if you do not, you are not; the only point about it is, if you know I think

you should answer; if you do not know, I do not think you should attempt it. A. I can not swear that I do not know; I should say it does; I will say that it is not covered in profits.

By Mr. Wade:

Q. At the making of that contract was it understood that Mr. Craven should turn over the stock that was to be delivered to him under that contract, to the Buffalo Railway Company, or the trustees? A. I did not make the contract and have no positive knowledge.

Q. Who negotiated that contract with Mr. Craven? A. Mr. Littell.

Q. And he is in Europe? A. Yes.

Q. When will he return? A. Sometime in October, I believe.

Q. Now, Mr. Baecher, did you keep the minutes of the board of directors? A. Yes.

Q. Did the board of directors ever take any action in reference to that contract? A. In a general way; I think they simply authorized the superintendent or manager to make any contract that he saw fit.

Q. Now, you are the secretary and treasurer of the Buffalo Railway Company? A. Yes.

Q. As that official, don't you know how it got the stock that Mr. Craven turned over to it, and how much of it? A. It made advances to the Crosstown Railroad Company, and guaranteed the whole issue of its bonds.

Q. That is the loan? A. Yes.

Q. Now, the Crosstown road has now \$2,277,000 of stock out; what is its indebtedness? A. The same.

Q. Two million two hundred and seventy-seven thousand dollars? A. Yes; its stock must be issued before the bonds can go out.

Q. That is— A. The company is compelled to issue stock before it can make a loan; that shows the necessity of it.

Q. What other liabilities has the Crosstown road? A. Practically none; no liabilities except these \$2,277,000.

Q. You say it has issued but \$2,277,000? A. Yes, sir.

Q. In putting it into your report in 1894, did you include in that report the stock which was issued; how does the construction account stand to-day, about how, can you tell me? A. It would stand about the sum of those two figures.

Q. Four million five hundred and fifty-four thousand dollars? A. No, it would be a trifle less; about \$4,200,000; anyway, that is near enough; about \$4,500,000.

Q. How many miles of road has it? A. About 76.9; doesn't that make it, at \$30,000 a mile; 75.9?'

Q. Practically 76 miles; that you figure at a cost of \$30,000 a mile? A. Yes.

Q. That was actually money spent? A. Actually money spent by the company.

Q. Roadbed, real estate, generators? A. There was no generators.

Q. Was the power furnished by the other company? A. Yes.

Q. That was money actually spent for what? A. For road, cars and line equipment.

Q. That was the actual money it cost, but it stands on your books as costing twice that? A. Yes, because the stock had to go out with it.

Q. In other words, it took a dollar in stock as bonus? A. It was not a bonus because no one got it.

Q. Yes, someone got it? A. The Buffalo Railroad Company.

Q. The Buffalo Railroad Company got it; at the time the stock was put out what was it worth? A. It was worth nothing.

Q. What would it sell for then? A. I do not know; it was not put on the market as I know of; I didn't hear it quoted.

Q. And it is to-day worth what? A. I do not think it worth anything.

Q. What? A. I do not think much of anything, the Crosstown stock.

Q. You regard it worth something, don't you? A. It will be worth something if the road should pay a large profit over and above its fixed charges.

Q. Well, you paid \$73,000 last year? A. No.

Q. Net profits? A. No; that is the result of a number of years; it paid \$9,000 last year; this present July it earned only \$9,000.

Q. It earns enough to pay interest on all it cost? A. Yes.

Q. And operating expenses and \$9,000 besides; is that correct? A. Yes.

Q. And that includes taxes and all fixed charges? A. Yes.

Q. Don't you think it would be better if, on the organization of the company, the stock had been paid for in cash and that money used in the construction of the road? A. I do not think you could get anyone to venture.

Q. Someone has ventured under the bonds? A. You could not get anything for the stock if you sold it to-day; you couldn't get much for the stock.

Q. I do not wonder; no one ever got anything for it; the company did not; you say your road only cost the incumbrances that you put right upon it; in other words you constructed the road— A. Without the guarantee of the Buffalo Railway Company you could not sell the bonds.

Mr. Box.— There is a great deal of our lines that is very poor, but in the future will be all right.

By Mr. Wade:

Q. To drop this subject and to take up the one we were talking about last evening; what do you think of Mr. Small's idea of making the transfer good for all day here? A. I think it would be altogether too experimental; it might ruin the company; I should not like to try it unless I saw it work.

Q. Someone has got to try it in order to see it work? A. We know from actual experience that two and one-half cents would not pay our expenses.

By Mr. Nixon:

Q. That is not the transfer system?

Mr. Box.— We think it would result very largely in a two-cent fare; I have seen more than twenty instances of a man calling for

a transfer who did not go any further, and then handing it to a perfect stranger at the point of transfer; we have traced a number of instances where a man, say, lives on the eastern boundaries of the city; he comes to his place and one man is working nights and the other day times, and will hand this transfer to the other man, and he will ride to Black Rock; there is not the slightest scruple in using these transfers; if made good during the day you can see a number of people would use them.

A. We are now transferring over one-fourth of our people; those all ride on more than one line.

By Mr. Wade:

Q. Do you think it would be possible to prevent the use of one of those transfers by any other person than the one to whom it was issued? A. Do you mean the all-day transfers?

Q. Yes; that would be impossible; did you have a transfer system here by which you collected an extra fare for the transfer?

A. Yes.

Q. Of three cents? A. Yes.

Q. And what proportion of your passengers did you transfer under that system? A. I do not remember, but it was very small; there was no comparison to this; I can not tell you from memory.

Q. Subsequent to that you made this transfer for the length? A. Yes, sir.

Q. Do you think that increased or diminished the receipts? A. I think it did neither one nor the other; we had to increase our carrying capacity; we had to furnish more cars to do the work.

Q. More people rode with you? A. Yes, we had to carry them further; but we naturally had to put more cars on to do the work, and it cost us more.

Q. When did you have that three cent transfer system? A. Previous to January 1, 1892.

Q. Previous to your road being electrified? A. Yes; they were partly electrified.

Q. Well, you can not compare the receipts of a horse car road with an electric road? A. No.

Q. Now, do you think that a two and one-half cent fare would increase your receipts materially? A. I think it would reduce them.

Q. I didn't mean that; I meant, would it increase your traffic materially? A. It costs us more than that to carry the people; we could not carry them for that money.

Q. I suppose you could carry a car load of people for less per head than you can carry one? A. Oh, yes.

Q. So that the increased cost of carrying a large number of people is not proportionate? A. We are furnishing the cars for carrying our people.

Q. You know there is complaint that you are not providing sufficient cars? A. We think we do; I think we show we do not carry more passengers to the mile than most cities do.

By Mr. Nixon:

Q. The complaint is here, along certain hours of the day you do not furnish sufficient cars to carry the public? A. I know our people are trying to do the very best they can to furnish good accommodations; we run in the evening from 50 to 75 trippers that run only in the evening during those hours; I have ridden up Main street in a car where it was chock full, standing up, and the next car not over a quarter of a minute behind it, with only three or four people in it.

Q. What is that percentage you paid? A. It is a sliding percentage, based on gross receipts; we now pay two and one-half per cent.; when the receipts reach two millions annually then we pay three per cent.

Q. Last year your earnings were about \$1,500,000? A. A trifle under; we are paying two and one-half per cent. for the last year.

Q. You think whatever is imposed upon your railroad should be in the reduction of fare to those that patronize it? A. Yes.

Q. Suppose you removed that tax, the two and one-half per cent., would you make a reduction in the fare?

Mr. Box.— We are not prepared to talk about that now.

Mr. Small.— I want to give you some facts when you get ready.

Mr. Nixon.—Supposing you reduce your facts to writing; we want to get all the information we can; simmer it right down; this evidence we are taking it will be impossible to print all of it; you present to us those facts in writing and we will make it a part of our report.

Recess until 2.30 p. m.

AFTERNOON PROCEEDINGS.

J. S. Baecher, recalled, testified:

By Mr. Wade:

Q. Mr. Baecher, does your official position and knowledge acquired by virtue of that, enable you to give the relative cost of equipment, construction and generally the like as compared to three years ago? A. Yes, sir.

Q. About what is the difference in the cost of generators? A. We have been buying different kinds of machinery, so I could not give you the exact figures.

Q. There has been a material decline in three years? A. Yes.

Q. You can purchase to-day generators for about one-third to one-half of what they cost three years ago, can't you? A. I think for one-half.

Q. Is that true of all electric appliances? A. Very nearly so.

Q. So that if you were to calculate the value of the tangible assets of a road equipped three years ago it would be necessary to make a material reduction on account of the shrinkage? A. On account of the first cost, yes, sir.

Q. The first cost of those articles? A. Yes.

Q. And that is true to a certain extent to car bodies motors and trucks? A. Yes.

Q. What do your motors cost now? A. We are buying 25 horse-power, two on a car.

Q. How much? A. Fifty horse-power on a car; they are 25 horse-power motors; 50 horse-power on a car.

Q. Those cost about what, now? A. I should say about \$800.

Q. That is attached to the car; three years ago they cost you from \$2,200 to \$2,500? A. Not three years ago; four or five years ago.

Q. In 1892, they cost \$2,200 or \$2,500? A. Yes, we did pay that, I think, for the first lot we got.

Q. And there has been a material decline in the price of car bodies? A. Yes.

Q. Pretty nearly 50 per cent.? A. Not 50 per cent.; about 25 per cent.

Q. Do you know what your power costs you per horse-power? A. No.

Q. What? A. No.

Q. Can you approximate closely to it? A. I can not at present.

Q. Yesterday we were talking about heating cars by electricity, and of course that involves the question of expense.

Mr. Box.— My notion is, counsellor, that the best estimate we have made is about \$48 per horse-power; it is about \$45 for 10 hour service per day; that is, per year; \$10 per year per horse-power.

Mr. Nixon.— Did you ask Mr. Baecher the relative difference between horse-power and electric power?

Mr. Wade.— I have not yet; I will.

Q. Do you know what it costs per year to heat your cars by coal? A. No.

Q. Are you able to approximate anywhere near that? A. Not at present.

Q. Do you recognize the fact that heating by electricity is much cleaner and much nicer, leaving out the element of expense, and a much more feasible method of heating a car, eliminating the question of expense? A. No, sir.

Q. You prefer heating with the stove? A. I would like it fully as well.

Q. Why? A. Electric heat is at times an annoyance.

Q. In what respect? A. It is too strong.

Q. You can control it much better than you can a stove, can't you? A. It is not always done.

Q. It can be; you can run one radiator or six; I think, per-

haps, I will leave that for the superintendent or manager; are you able to state the relative cost of operating the cars by electricity and by horse power? A. I think you can operate by electricity about 10 to 15 per cent. cheaper.

Q. That is, you can run a car over the line? A. Yes.

Q. And how much quicker? A. That includes the speed; I am taking the speed into consideration.

Q. I ask the actual cost of making a trip with a car, between horse and electricity; the question of speed does not enter; which is the cheapest? A. Electricity is the cheapest.

Q. Per car mile? A. Yes.

Q. About how much? A. I can not give you the exact percentage in that way.

Q. And you are able to make your trip with the electric car how much quicker than by the horse-car? A. It depends on where you run; on the outskirts you can make a great deal better time; in the city you can not.

Q. Is there any place where you make slower time with your electric car? A. No, sir.

Q. Is there any place where you make as slow time with electric cars as by horse power? A. No.

Q. So it is more rapid all over the city? A. Yes; a trifle more rapid in the city and much more elsewhere.

Q. On Main street your traffic is very much congested? A. Yes.

Q. So on Main street, from Niagara to Exchange? A. Yes.

Q. You think on your Niagara street car your traffic is more congested than elsewhere; it is more congested there than any other place in the city, is it not? A. Yes.

Q. You did not bring over any of those matters we spoke of this forenoon? A. I did, yes.

Q. You did not go to your books to look it up? A. I thought it was settled.

Q. Oh, no; you were to give me the actual cost from your books of the construction of your road under these various con-

tracts; now, I had rather you would do that, than to have some stranger examine your books, because you can do it much quicker.

Mr. Box:— We will do that.

Ford O. Russling, called and sworn, testified:

By Mr. Wade:

Q. You are the superintendent of the Buffalo Railway Company?

A. Yes, sir.

Q. And of the Crosstown Railway Company? A. Yes.

Q. These lines are under one management at the present time?

A. Under one superintendent, and, as I understand, under one management.

Q. And have been how long? A. So far as my knowledge carries me, nineteen months.

Q. You have been with them that long? A. Yes, sir.

Q. You began your connection when? A. The middle of February, 1894.

Q. Prior to that time had you any connection with either of these roads? A. None whatever.

Q. Prior to that time had you had any experience with electric railroads? A. Yes.

Q. Where? A. Just before I came here I was with the Calumet road in Chicago.

Q. Is that an electric road? A. Yes.

Q. How long were you engaged with that road? A. Eighteen months.

Q. In what capacity? A. As general superintendent.

Q. That is the position you sustain here with reference to these companies? A. They call me superintendent here.

Q. Leaving off the word "general"? A. Yes; there they did not have any manager.

Q. They have a general manager here? A. Yes.

Q. That is Mr. Littell? A. Yes.

Q. Your duties as superintendent of the road embrace what part of its operations? A. All of its operations.

Q. What does the general manager have to do with it? A. The past year he has been devoting his time principally to the construction of the road.

Q. So you have to do with the running of the road? A. Yes.

Q. Actual operation of the road? A. Yes.

Q. Does that embrace anything in the nature of repairs to the tracks or cars or machinery? A. It embraces all the repairs on cars and machinery, but up to the time Mr. Littell went away he took care of the repairs of the track and track construction all together.

Q. Does your official duty require you to have supervision over the power station? A. Yes.

Q. And machinery there? A. Yes, sir.

Q. Are you a practical electrician? A. I am.

Q. Do you not have assistants in that branch of the business? A. Yes, sir.

Q. The company has a repair shop of its own? A. Yes, sir.

Q. Do you have the charge of making the time for the cars? A. No; that is detailed to the division superintendents, who are directly under me, and get their instructions directly from me.

Q. You are the head of that branch? A. Yes.

Q. So you direct how many cars shall run over a certain division? A. On special occasions, yes, but otherwise the power is put into the division superintendents' hands to run as many cars as they deem best, according to the travel, and I have other men watching them to see that they do their duty.

Q. Otherwise you are responsible? A. Yes.

Q. They are subordinates of yours? A. Yes.

Q. You are responsible for the operation of cars over the entire lines? A. Yes.

Q. You are responsible for the conduct of the motormen over the lines? A. And conductors.

Q. I suppose they are in your department? A. Yes, they all come into my department, every one of them.

Q. Do you also have charge of the conductors? A. Yes.

Q. And can discharge them? A. Yes.

Q. So it applies to the conductors and motormen? A. Yes.

Q. You regulate the speed of the cars? A. To a certain extent.

Q. Does that fall within your department? A. Yes.

Q. What do you have to do with prescribing rules for the operation of the road? A. Most all the rules and regulations have been submitted to the general manager; those rules I thought necessary I would draw them up with his approval and they would be adopted.

Q. You act, then, in an advisory capacity regarding the promulgation of the rules of the road? A. In this capacity; yes, sir.

Q. I suppose you have rules governing motormen in the operation of the road by cars? A. Yes.

Q. And calculate to be a guide for them under all circumstances? A. Yes; but I will say in that respect of the rules and regulations, we are just about getting up a new set; the old set does not meet all requirements; we feel it is not what it ought to be and we are getting up a new set.

Q. Now, Mr. Russling, I notice that in the first place practically all your road is double track? A. Yes; very little single track.

Q. You do not admit passengers to leave the car on the side towards the other track, or to take the cars on that side? A. We do not allow that, and to avoid the possibility of their so doing we have a circular dashboard, which has only one opening, and that is on the outside; that places the exit of the car from the opposite side, no matter which way it is running.

Q. And your open cars, you have a railing you let down on the side towards the other track? A. Yes.

Q. And when the route changes it is let down on the opposite side? A. Yes.

Q. What rules do you have as to meeting and passing of cars on street crossings? A. I believe there is an ordinance of the city which reads that no cars shall pass a standing car receiving

or discharging passengers; they carry that out to the letter; a motorman violating that law is subject to a fine of \$25 and three months' imprisonment, I think.

Q. On which side of the street do you stop to let off and take on passengers? A. On the further side.

Q. With a car standing there, is another car permitted to pass it on the other track? A. No, sir; a car coming must stop dead until the other car has moved 20 feet before it can proceed.

Q. Are your motormen observing that rule? A. Yes, sir; very strictly; they know it is a very arbitrary law, and they must not infringe it.

Q. How much does that retard the progress of your cars over the line? A. Considerably.

Q. It is serious? A. Yes; on a busy street like Main street it is.

Q. Supposing a car stopped in the middle of a block? A. I would say that we stop in the middle of a block where the block exceeds 600 feet.

Q. I want to know if the same rule applies there, or otherwise? A. The same rule; it does not matter if a car stops in a quarter or third block, a car is not entitled to pass it unless it is moving, anywhere on the line; it does not mean on the street crossing; it means anywhere, unless that car is crippled.

Q. If it stops for the purpose of letting of or taking on passengers, no other car is entitled to pass it on the opposite track? A. Yes.

Q. That is to avoid the people going around on the rear end of the car and being struck? A. Yes; I do not think we have had an accident of that kind since adopted.

Q. How fast do your ordinances permit you to run on your roads? A. I am not prepared to answer that question; I do not know, exactly.

Q. Do not they impose any restriction? A. They do on some streets, and others they do not.

Q. There has been, Mr. Russling, I notice, for some time, considerable complaint about the facilities furnished by your road

for the transportation of people from the outskirts of the city into the heart of the city? A. Yes.

Q. I suppose you have seen the same thing in print? A. Yes; I presume I have.

Q. Now, upon what line do you have the heaviest traffic into the center of the city? A. From the outskirts?

Q. Yes. A. Main street is one; Niagara street is another, which is called the Tonawanda road.

Q. Why is it you run larger cars on Niagara street than on Main street; longer cars? A. I do not know why that is; the cars were there when I came.

Q. Do you know of any particular reason for it? A. No; I do not believe there was any particular reason.

Q. You know that complaint has been made on various occasions that you do not run cars enough on Niagara street? A. I have not heard that complaint; it might have been made; I think on the outer portions there has been some complaint made.

Q. How many cars do you run on that line morning and evening hours? A. The cars run a minute and a half apart up to Woodlawn avenue on Niagara street.

Q. That is how many blocks apart? A. From two and a half to three blocks apart.

Q. Cars with a capacity of 100 people? A. One hundred people standing and sitting; I have had 120 people on the same car.

Q. That is uncomfortably crowded? A. Yes; no question about it.

Q. There is much talk to-day throughout the State about street railways failing to furnish adequate means of transportation; now, I would like your views upon that subject, based upon your experience, and what you think about the feasibility of your road here furnishing at all times sufficient accommodations for the people? A. It would be pretty hard to determine what "sufficient" means.

Q. You know last winter a bill was introduced in the Legislature requiring every street car company to furnish every passenger with a seat? A. Yes.

Q. Or sufficient car room so he could have a seat, or ride gratis; it is the experience of such men as you, Mr. Russling, we would like to receive on that subject? A. I have seen a great many roads and observed the trouble at different times of the day on those roads; out of the 24 hours, it will be observed, on a well-run road, that there is only four or five of those hours when the cars would be crowded; that in between, especially some portions of the day, the cars will scarcely have anyone; other portions of the day they will be comfortably seated; I have not observed on any road in the United States, between the hours of 5 and 7 at night and 5 and 7 in the morning, where they have furnished accommodations for the people, but where they had to pack the people pretty solid.

Q. You run more cars during those hours than you do during the balance of the day on the main line? A. Yes.

Q. About how many more? A. About one-third more.

Q. That requires you to put your cars on a minute and a half apart? A. On two lines we put the cars a minute and a half apart during those hours.

Q. Have you observed this, that the traffic to-day between those hours may be far in excess of what it will be in 10 or 15 days?

A. That is true; one day is not indicative of what the next will be.

Q. And the car accommodation to-day may be entirely inadequate for to-morrow? A. Yes.

Q. Do you know of any way in which any person in the management and operation of your road can be prepared to meet that, or can know? A. I think we meet it pretty well, because the man in charge of the division over which any line runs, it is supposed, and is his duty to see there are enough cars; he has absolutely the power to put every car he has in the barns to that use.

Q. Take it this afternoon; your cars running down Niagara street will carry a number of people; but supposing at half-past 5 o'clock a rainstorm comes up, how does that affect your traffic?

A. Very greatly.

Q. How? A. It increases for that short time.

Q. Does that lessen or increase? A. It increases for that short time.

Q. How does your division superintendent meet that requirement? A. He can not; but he does it within the next ten or fifteen minutes.

Q. The people have got through starting then? A. No railroad in the world can meet it.

Q. So you think a law which absolutely enforces upon the railroads the duty of providing a car wherever a person wanted to get on in a city could not be complied with under all circumstances? A. No, sir; emphatically, no; it can not be.

Q. Now, Mr. Russling, you have no vestibule cars on your line, have you? A. Yes, sir.

Mr. Box.— Nearly all of them are.

By Mr. Wade:

Q. Are the Niagara cars vestibule cars? A. Yes.

Q. What do you say as to the feasibility of running vestibule cars in the city of Buffalo between November 1st and April 1st? A. I do not approve of it.

Q. You have here extreme cold weather? A. No.

Q. What? A. We have disagreeable days; we do not have extreme cold weather in Buffalo.

Q. Then I have misjudged it; what do you call extreme cold weather?

Mr. Box.— Thirty-five or 40 below zero.

By Mr. Wade:

Q. I will change that — from zero to 10 below? A. I think you had better, because I have been up in La Crosse, Wisconsin.

Q. That is extreme in our section; what do you find the disadvantages of vestibule cars? A. The great danger to accident.

Q. On Main street you run your cars very slow from Exchange to Niagara? A. Yes.

Q. Not over four miles an hour, do you? A. No, sir.

Q. And that practically takes away the danger? A. It would

if the snow and ice and blinding rainstorms and snow storms which accumulate on there and the steam which accumulates on the glass could be removed and kept away; it does not make any difference how slow they run; I have seen times when the motorman had to lower his window on Niagara street in the very worst weather.

Q. Now, on Niagara street, that is about as free from danger as any street in a city of dense population? A. The conditions on Niagara street are entirely different from those on Main, better pavement on Main than on Niagara, and yet we have more accidents on Niagara than on Main, three to one; more people are passed that want to get on the cars; the motorman does not see them; he is housed in there, and if a rattling wagon is coming along he does not hear as quickly; his hearing is obstructed; it is necessary he should have ears as well as eyes.

Q. Of course, the vestibule would be more comfortable to motorman in extreme cold weather? A. No question about that.

Q. You think the disadvantages are greater than the advantages? A. Yes; I will say that through all what you call extreme cold weather in Buffalo last year that we only had one man that froze his ears; we relieve our men and give them hot coffee and tea, and do everything in the world for them to make it easy as possible for them during that time.

Q. Where did you have the most accidents last winter by running into people or vehicles; where you had the vestibule car or where you did not? A. Where we had the vestibule cars.

Q. You had those on what other street than Niagara? A. Only on Niagara street.

Q. You make about the best time there? A. Not last winter; the speed was increased this spring; the track was, last year, very poor; we put on a nine-inch rail and we run much faster; up to the time we increased the speed the same conditions were shown as they are shown to-day.

Q. What style of brake do you use on your cars? A. It is a double-lever brake; it is one gotten up by our own master-mechanic.

Q. Have you any air-brakes in those? A. Yes.

Q. Which do you find most suitable? A. For the larger cars air-brakes are superior; for the small cars I think the hand-brake is just as superior in its direction; an air-brake for a small car is too sudden and too fierce; for a large car it is better.

Q. What cars do you use the air-brake on? A. On the Niagara street cars.

Q. Is there much expense in supplying the power to air-brake power? A. No; the pump is very nicely made to compensate for that; it is so arranged that it fills the cylinder full of air with about 30 pounds, and there is two escape valves on each end of the cylinder, which are actuated by the cylinder; little weight valves are open; it is only acting on atmospheric pressure; there is no pressure against the pressure already raised.

Q. Have you ever had much difficulty in those brakes refusing to work? A. Very seldom; in the winter time they sometimes get a little water in and freeze up the pipes, is the most difficulty we have had.

Q. They need some watching in that respect? A. Yes; especially in sloppy weather.

Q. Can you tell us about the expense of operating a car per mile on your road and furnishing the power? A. Do you mean all the operation?

Q. No; I mean the motive power, the expense of the motive power? A. I do not catch exactly.

By Mr. Box:

Q. As I understand it, he wants to get at the idea of the difference between horse-power per car mile and what electricity costs per car mile. A. He is dividing it and wants to know what the power costs?

By Mr. Wade:

Q. Yes; I mean the expense of propelling a car over your line; that does not include the cost of motorman or conductor? A. You mean the simple power that comes from the power-house?

Q. Yes; engine-power, oil and waste? A. About one and one-

tenth cents per car mile; we base everything on a car mile, and can not give it any other way.

Q. How much would that cost by horse-power? A. I am not up in the horse-car business; I do not know anything about it.

Q. You do not know whether it is greater or less? A. No; you can not divide it that way, either; I suppose you mean with the horses; those would cost —

Mr. Box.— I do not think he means that; I think he means if you had 40 cars in use, drawn by horses, what that would cost per car mile to haul them by horses.

By Mr. Wade:

Q. You can not tell that without taking into account the value of your horses, and you must take into account the deterioration of the machinery. A. We do that by keeping up the machinery.

Q. You can not keep it up? A. Oh, yes.

Q. No; or it would never wear out; there is always depreciation; do you take into consideration that feature in deciding the cost of propelling your cars; in other words, do you charge off anything for depreciation of the machinery? A. That is a question for the facts to decide; I just take the figures.

Q. I had the treasurer on a minute ago and it was suggested I ought to ask you? A. No; I do not know anything about it.

Mr. Box.— That does not take into account the wear of the machinery.

By Mr. Wade:

Q. I suppose, Mr. Russling, you have much to do or something to do with the ticket business, do you not? A. No, sir; the ticket business is entirely under the general manager; he fixes that.

Q. Does your connection with the road enable you to form an opinion satisfactory to yourself as to the best method of collecting fares and fixing the rate, and so on? A. Yes, I have my own ideas.

Q. That is what I want to get at now; you are aware that your

road is paying a certain percentage of its gross receipts to the city which goes into the treasury of the city? A. Yes, sir.

Q. Of course that is taken out of the earnings of the road; now, take it in the morning and evening hours, Mr. Russling, do you or do you not carry a great many artisans and laboring people?

A. Yes, we carry the most of the bulk of our traffic night and morning, and it is made up of shop people, laborers and clerks.

Q. All of whom are people of moderate means? A. Yes, sir.

Q. And going to and from the day's work? A. I suppose so.

Q. And some means of practical rapid transit is indispensable and essential to get them to and from their work; what would you think of the idea of giving to that class of people all the benefits that are derived by the city from this tax that you pay for the use of the streets? A. What do you mean; that we should give them—

Q. I mean this, to illustrate it; in a little road in which I am interested in Waverly, we make a ticket; that road runs from Waverly to Athens, and it runs through Sayre; at Sayre are the Lehigh shops where several hundred people are employed; nights and mornings a good many people go from the other towns there to work; we make a ticket for three-cent cars good between the times of 6 and 7.30 in the morning; I may not have that exactly right, but I think I have — and 5.30 and 7 in the evening? A. Called a laboring man's ticket?

Q. Yes, that is exactly what it is called; and we find it operates very nicely indeed; it accommodates that class of people and the revenues of the road do not suffer by reason of it; would you think it advisable for some such plan to be put in operation in most of the cities of the State? A. I think it might be operated in a smaller town; it is hard to discriminate in the cities.

Q. We do not discriminate? A. That is true.

Q. Let me show you how; people that own the brick blocks and taxable property here are not riding in those hours; our tickets are good between 5 and 7.30 in the morning and 5.30 and 7 in the evening? A. I have this to say: The trouble is right here; you take it in a small town, your haul is very short, but in the

city of Buffalo we carry many of the artisans and laborers five or ten or twelve miles, and transfer them two times, and really every ride, if they ride very far, it costs us about three cents.

Q. That is very true, but you can run a car as cheaply full as empty; I say this, we find it operates well in Sayre; I can see it operates well with us. A. I think you are right; I was in Bay City where we had the same ticket and the whole ride was not over eight miles, and there it did well.

Q. The same argument would argue against the entire system here that you present there.

Mr. Box.—But you won't relieve us from the transfer?

Mr. Wade.—No. I believe this, Mr. Box, that the class of people I have mentioned are entitled to all the benefits that can be derived from cheap transportation to and from their work, and this idea of paying money into the treasury of the city at the expense of those people is false economy. You see a man located four miles out on Niagara street, that man must come in to town in order to work to live. He pays five cents morning and night, and 2½ per cent. of that goes into the treasury of the city for the benefit of the New York Central and all the other roads that come into your town and are taxed. That man had better have a three-cent fare.

Mr. Nixon.—The question naturally arises, if you did not have that tax, would you give a reduction of fare?

Mr. Box.—I think we would.

By Mr. Wade:

Q. Would your road be able to reduce the fare an hour and a half in the morning and an hour in the evening?

Mr. Box.—I think we could.

A. As Mr. Box says, I think it would be a very good thing to do.

Mr. Box.—I strenuously opposed it at the time.

Q. You are making the laborer pay the tax that these other large institutions should pay?

By Mr. Nixon:

Q. Are you familiar with the system of Toronto? A. No, sir.

Q. I think they have a system there similar to this, and their system of fare varies at different times in the day, and I understand it is a very satisfactory system; do you know anything about that, Mr. Box?

Mr. Box.—Yes, I do. But their system and their road is largely controlled by local circumstances. For instance, that city has no expense in maintaining the pavements. Under the laws of 1884, the Cantor act, we have to take care and maintain and pave and repave between our tracks and for two feet outside of the tracks. Now, in Toronto, they have no care of the pavements. They pay a rental per mile, and whether it amounts to more or less I am not prepared to say.

Q. Who owns the plant?

Mr. Box.—They pay rental for the use of the street, instead of taking care of the street. Now, you have got to examine all those questions. They have a system of collecting fares that I do not believe could be introduced in any American city, and yet I believe it is the best system that was ever put in force for the collection of fares and getting them all. There is no man connected with street railroads but knows that if he could get all the fares he could carry the people much cheaper than they are doing. There they carry a belt around their neck with a slot in it, and they come before you and you drop the fare into the box. That is done in Toronto, and yet I do not believe any self-respecting American would do it. There is one thing certain in Toronto, whether they collect all the fares or not, the company gets all that are collected.

By Mr. Wade:

Q. Now, Mr. Russling, are you sufficiently familiar with the patronage of your roads here to tell the class of people that patronize your road most? A. Well, I suppose from my observation that the working class, so-called, would be the greater bulk of them, probably two-thirds; I mean the laborers and the

clerks and such men as that, and shop girls; but we have a very large traffic in Buffalo in shop ladies, probably greater than in many cities; we have a great many facilities in the afternoon to take care of it; and in the summer our excursion business is enormous down the river.

Q. The people who own the business blocks on the streets, as a rule, are they constant patrons of your road? A. That is a pretty hard question for me to answer.

By Mr. Nixon:

Q. You would say when you speak of the laboring classes, men who work by the day? A. Clerks?

Q. Well, mechanics and day laborers; they are compelled from force of circumstances, from location, they are compelled to patronize your road? A. Exactly; yes, they are compelled to patronize it.

Q. And they are the bulk of the patrons of your road; take a large owner of real estate; he may travel on your road but he is not compelled to travel on your road as they are compelled to do? A. No.

Q. Do not you think if in the Cantor act, instead of paying a bonus, a lump sum to the city, the bids should be made on which roads should give the people the lowest fare, would be more equitable?

Mr. Box.— Entirely; and that was the law; that was just the terms of the old grant.

By Mr. Wade:

Q. Mr. Russling, what would you say to making your transfers good any time during the day on which they were issued? A. I should not think that it would be a very good thing to do; it only opens to the conductor — not the conductor so much — and the general public, to rob the company of everything it has got, pretty near, through a man that don't want a transfer; you go to your destination; you take one because you have got a liner somewhere to give that transfer to; if the conductor is not watching very carefully you get two; you take and hand them to John Smith; John Smith has got 100 men to give them to; during the day he goes

and peddles them for anything to get money for; it opens the door for the greatest amount of trouble.

Q. You think it would be better to make a two and one-half cent fare and take up a coupon for each ride? A. I think it would be under those conditions; a transfer is the most abused thing in the world; we try to do everything in our power that we can; our contract says we must carry the passenger to any point in a continuous direction, but instead of that we are not only carrying them there, but also carrying them back a great many times.

Mr. Box.—Here is a man starts at the city line and comes to the corner of Main and Seneca street, and says, give me a transfer up Main; he takes it, and there is a new conductor and a different line, and rides to Cold Springs; he says to the conductor who is going to the city line on Main, I wish you would give me a transfer on Forest avenue; he gives it to him; then he goes onto the Forest avenue car and says to the conductor, please give me a transfer onto Niagara.

Q. Why don't you get rid of that by ordering your conductor on Forest avenue to cut that off? A. I will say I have suggested that to our general manager after the second transfer is given.

Q. Here you are running a man in opposite direction? A. You have to do that; suppose a man wants to come down four blocks on Niagara.

Q. Why didn't he go up Niagara? A. He could not; he is up towards Cold Springs, but four blocks from Forest avenue; he takes a Main street car and transfers to Forest avenue, and then another transfer from Forest avenue which he is entitled to, because that is the shortest journey; the only way to stop it is to give only two transfers, with two or three exceptions; on Baileu avenue we would have to give three transfers to any point; it is a question that is agitating us every day; we are studying and studying and studying on the question; we know that that riding is being done; of course a business man through the week day does not do it, because he has not time, but Sundays he does; you can see on Sunday one-third more transfers than other days; they are taking advantage of the transfer system.

Q. What do you pay conductors — motormen per day? A. We pay them by the hour.

Q. By the hour? A. Yes.

Q. How much per hour? A. The first three months, 15 cents, the next nine, 16 cents, after a year's service, 18 cents.

Q. So they get \$1.80 for 10 hours? A. Yes.

Q. Those that are willing to, are they furnished work longer than 10 hours, as a rule? A. Some places; we have certain places they work for 12 hours for one week, but the next they won't do it, but work then 8 hours, so it averages 10 hours; I don't know but there is a State law in regard to that.

Q. So \$1.80 a day is the highest wages that you pay? A. Practically; it will average about that.

Q. Do you find more applicants for the position of conductor than for the position of motorman? A. Sure; they all want to be conductors.

Q. They all want to be conductors? A. Yes.

Q. Have you had any detectives on your road to ascertain — A. Yes; we keep them on the road continually.

Q. What? A. We keep them on the road continually.

Q. Have you ever made an estimate of the proportion of the receipts that are lost to the company? A. Only through taking the proportion of fares that were reported by the detectives; it was sometime ago about 8 per cent.; it has gone down to something under 1 per cent. through the summer, and then in the fall it will jump up to 4 and 5 per cent.

Q. How do you account for that difference? A. Getting ready for winter, or they are getting ready to go off in the spring and have a good time; there is always certain times you must watch your conductors a great deal sharper than you do other times.

Q. You have not been able to devise a scheme that is a perfect check to conductors? A. No, sir; I have a trip sheet on which they vouch for each other, which I think is a very good scheme with reference to their registers, which settles the question of collusion between the register conductor and the conductor; one conductor will not rob from another.

Q. In other words, he will report the number of fares rung up?
A. The registers are reported by the relief conductors; he goes to them and puts down on this same sheet which this man has at the foot the state of those registers, showing the number of transfers; we use a consecutive number of transfers here which shows the number of transfers a man issues every day; one good point is to keep him from destroying and wasting his transfers; another is, to show how many transfers he issues on each trip.

Q. Does he ring when he issues a transfer? A. No, sir; every trip he closes up the number on his transfer book; then he opens the next trip; then the transfer is consecutive in its number; if you take a transfer and a man punches that transfer off then we see that the trip before he had used certain consecutive numbers; therefore, the consecutive number you have must have been issued after the other one; therefore; if there is any mistake in issuing that transfer we can see whether it is your fault or the conductor's fault; a great many men tried to at first make complaint in that direction, and were found out and quit.

Q. That is, if he issued 450 an hour before, you would know he did not issue it an hour from now? A. Yes; passengers that were trying to beat the company; we have occasions of that kind now, occasionally.

Q. You ring up your transfers by one register and your tickets by another? A. Exactly.

Q. You do not have any lesser rate of fare than five cents? A. No, sir.

Q. Your average daily receipts are about what? A. Those would change from month to month; it depends on conditions; you take for June our average is about \$4,900 a day; I mean for July.

Q. Along in the fall? A. Last year we would go down to \$4,200; this fall it will probably be better.

Q. Then you say the reports which you have received from the detectives show a loss to the company of 8 per cent.? A. Of those fares that they reported themselves; all of the cars through?

Q. Yes; the report as an entirety? A. As a usual thing they

are riding with conductors that we suspect, that we expect they will get some kind of a report from; because we have a perfect report from all conductors; as a usual thing we make an outline to the inspector to keep an eye on certain men; when he first comes he will go over that class of men and then over a new class; and I have never made a deduction on the latter class.

Q. You have some men you suppose are reporting all the fares they get? A. We think they do.

Q. Do you make any distinction in their wages? A. Not at all; I think the company should keep the old men with them; the fact is, that a new man will miss more fares than the old man will possibly steal, and you are liable to incur accidents with the new men.

Q. I should think when you got a fellow you were pretty well satisfied was honest, you would hold out an inducement? A. A man that we are satisfied is honest never gives up the office; a man who is dishonest is always in hot water.

Q. There is no premium on honesty in your company? A. There is an inducement to honesty; a new man is honest and he shows some ability—all the under officers under me are appointed directly from the car men; we do not employ any outside men; if an inspector or a barn foreman or under position which is a little better than the one they have got they are appointed to it; that is the promotion, and they always know they are in line if their records are good.

Q. Do you have a system of reports to be made by each motor-man and conductor daily? A. Yes, sir.

Q. If anything happens to your car do you have a report of that? A. Yes.

Q. And also from the repair shop when it goes in there? A. Yes; a very perfect blank in that.

Q. I do not suppose you have had anything to do with the organization of these companies? A. I do not know anything about the organizations.

Q. Or anything within the province of its corporate acts? A. No, sir; I do not know anything about it.

Q. Do you remember last winter an act was passed requiring the transportation of policemen and firemen while on duty, without charge? A. Yes.

Q. How do you get along with that? A. I think it is misused.

Q. What system do you undertake to follow the direction of that statute? A. That is practically taken out of our hands.

Mr. Box.—We do not believe that law to be constitutional. We did not think it possible for such a law to be made constitutional, but on talking it over, we said, it is expedient and perhaps judicious to comply with it, and on the requisition of the mayor we issued a certificate.

A. We do not have anything to do with it; the mayor issues it; we only certify we will carry these people.

Q. Then you have no way of checking that? A. No, sir; only a policeman is supposed to hand out that certificate to the conductor.

Q. Don't you regulate the number on each car? A. Yes, we never carry more than two policemen or firemen or our own employes on any one car.

Recess until Thursday morning, August 15, 1895, at 10 a. m.

Pursuant to adjournment the committee convened at room 14, City and County Hall, in the city of Buffalo, N. Y., Thursday, August 15, 1895, at 10 a. m.

J. S. Baecher, recalled, testified:

By Mr. Wade:

Mr. J. H. Small.—I would like to talk a little. A great many times I have been obliged to walk from the corner of Main and Niagara to where I live on Seventh street near Massachusetts, because the cars leaving between 5.30 and 6 o'clock were so crowded that I preferred to walk rather than to get in and stand all the way. Not one, but many, many instances, as far as I can observe, from 5.30 to 6 o'clock. Last Saturday afternoon I

thought my wife and myself would take a run up to Crystal Beach, on the lake shore, on a steamer, and we calculated to take the 2.30 boat at the foot of Main street. We got on a Niagara street car and took our transfer to the Main street car. When we got down to the Terrace we found 100 people waiting for a street car that had been transferred. When a street car came along there was no chance to get onto it. We waited for that car to pass and the next to come and then my wife says, there is no use waiting here, we might as well walk. We started and walked to the foot of Main street with a great many others. It was a pretty warm afternoon. Now, as a practical railroad man, it did not seem to me that that kind of a thing ought to be allowed and to go on continuously day after day and week after week and month after month. It does not seem to me as though it should be allowed, as though it was not the right thing to do. A great many railroad men tell us that these things can not be avoided, but I believe they can almost entirely be avoided, except in exceptional cases, and with the large amount of current that this company has and with the large facilities for storing cars, and with the great valuable franchises they have, I can not understand why they do not put on more cars at those times. It is a simple mathematical problem that you have so many people to carry and so many cars to carry them. I find that the roads in New York are making great effort all over the city of New York to give increased accommodation to the people, and they have even gone so far that the city of New York has passed a bill, as you are undoubtedly aware, and has appropriated \$55,000,000 to build that railroad in order to give people better accommodations. The city of New York has taken hold of it, notwithstanding the fact that new railroads are being built all the time, Lexington avenue, that the Broadway line has been built to One Hundred and Fifty-fifth street, that the Third Avenue has been cabled, the Sixth Avenue is to be cabled, and all the roads to be cabled, and still the question is so pressing and prominent with the people of New York that they have voted by an overwhelming majority to authorize the underground railway commission to expend \$55,000,000 to

build a new road and give the people better accommodations. Now, I say, a concern in the city of Buffalo, or in any other city in the world that has a franchise like these people have, is worth untold millions of money. Supposing they were to forego a dividend on all this watered capital for a few years and give us a little better accommodation now, wouldn't it be better for them and for everybody? Isn't it a short-sighted policy to go to paying capital on this watered stock. I would say, if I was a stockholder, pay the interest on your bonds and satisfy the people before paying dividends. Taking up the question of transfers. In 1871 and 1872, when I used to go to Washington, there was a road called the Washington and Georgetown Railroad. At that time it had a floating debt of \$240,000. The stock could be bought for 25 cents on a dollar. They had a system of transfers, they had roads running east and west and north and south and intersected the city. They gave transfer tickets and those tickets were good for 24 hours, and are, I believe, at the present day, although I have not been there for five years. That road commenced to make money, and it was not but a short time before that stock got to be worth 300, notwithstanding they gave a transfer ticket which was good for 24 hours, and notwithstanding the fact that near that point was one of the largest markets inside of Washington, where a great many people went in and transferred or exchanged their transfer tickets, so that a person practically got a ride down to his market and back home for five cents. Notwithstanding that fact, the road got enormously rich. It is one of the best roads in the country to-day. They cabled both their lines. Now, I think that shows that giving a transfer will not necessarily impoverish a company. I think it shows the cheaper you make these fares to the people the more they patronize your road, and the more money you make. It does not make any difference whether you carry passengers for one cent or ten cents; the question is, how much money are you going to make out of the operation. Now, as I say, these roads have made an enormous amount of money all over the country. Take the Toronto street railroads, which,

about 1868, were sold at auction for \$47,000, and bid in by two brothers, Cuylers, who had never been in the railroad business, but who were insurance agents, and had about \$15,000 between them, and they bought those roads for \$47,000 at sheriff's sale. About two years ago the city took those roads and gave them over \$1,500,000. I was one of the witnesses of the Cuyler brothers to testify as to the value of the property. They gave me \$650 for talking less time than I have talked before you gentlemen. Now, I think, gentlemen, if you are going to start a reform in this business that is applicable not only to the city of Buffalo, that is only a small part of the system, but something that is uniform over the whole of this country, and if you take hold of it and go into it in a broad light, which I think that you will do, and in a broad way, and give it a broad, liberal construction, that you will start a reform which will be one of the greatest which has been started in this country since the foundation of this government.

J. S. Baecher, recalled, testified:

By Mr. Wade:

Q. Mr. Baecher, the total number of passengers, including transfers, for the fiscal year ending June 30, 1895, were 44,964,609? A. Yes; passengers; fares collected.

Q. And the total receipts were \$1,575,729.82? A. Yes.

Q. Of that number 12,479,033 were transfers? A. Yes.

Q. Leaving the actual number from whome the fare was collected, 32,485,576? A. Yes.

Q. At a 3-cent fare that would amount to \$968,567.28? A. Yes.

Q. Now, your report for 1894, ending June 30, 1894, shows your operating expenses of the Buffalo Railroad, \$686,307.87? A. Yes.

Q. That includes — A. No taxes or fixed charges or interest.

Q. No taxes or no interest on the indebtedness of the company?

A. That is right.

Q. It includes — A. And no percentage.

Q. It does include your water tax? A. That is not a tax.

Q. And on the Crosstown road your report of that for 1894 shows your operating expenses, \$187,966.50? A. Yes.

Q. A total of \$874,304.37? A. And to which you add about \$89,000 of taxes and percentages.

Q. And insurance — no; your insurance is in that other? A. Yes.

Q. Making a total of \$963,304.37? A. Yes.

Q. Now, do you know how your traffic compares during the year 1895 with 1894; have you got your report completed for June 30, 1895? A. I have it in pencil completed; I have given you that number.

Q. Can you give me about the operating expenses, compared with 1894? A. The operating expenses were a trifle less, a few thousand dollars less, but not much.

Q. If you are to take away the transfers entirely and charge a 3-cent fare on that \$44,000,000, your receipts would be \$1,348,938.27? A. Provided we carried the same number of passengers.

Q. Yes; based on your passenger traffic of 1895 that you have given me here? A. Provided as many people would pay a fare instead of a transfer check as now; pay two fares; you would not get them all.

Q. That would leave you a surplus to pay taxes and interest of \$385,000; now, yesterday, Mr. Baecher, I asked you to give us the actual expenditure for these two roads; are you able to do it? A. Which two roads?

Q. Why, your Buffalo Railroad system and your Crosstown system? A. No; I am not able to do it; I am not able to pick out any particular lines.

Q. I meant the whole thing; you built the Crosstown road complete? A. It is not completed.

Q. As far as you have gone? A. Yes.

Q. It was not an old horse line fixed up? A. No; it was all new.

Q. So your books would show what that actually cost? A. Yes.

Q. That I would like to have you present to the committee. A. What, the whole company?

Mr. Box.—If the committee please, if it is the intention of the committee to return, it would be, I think, wiser and fairer to get the questions and all such complications from the general manager, the man who had all this work under his control.

Mr. Nixon.—Would he have that ready when we came back?

Mr. Box.—He should have; I had a letter from Mr. Watson, in which he said he had a talk with Committeeman Gerst, who said that he thought you were not coming for some time, and that had he known he certainly would have been here, and that he hoped it would be adjourned.

(Mr. Box reads a letter from Mr. Watson.)

Mr. Nixon.—We will do that, Mr. Box.

Mr. Box.—The witness is thoroughly unqualified, I think you must discover; he takes care of the books, and can only state what he is directed to put on the books; the manager would know.

Mr. Nixon.—Mr. Wade will give him those questions, and he or Mr. Watson can prepare their answers in the meantime.

Mr. Box.—If he will give me the questions he wants to propound to these gentlemen we will proceed; but no one can take up the books over night and meet you here and give you any accurate information.

Mr. Wade.—Here is a report made in 1894. Now, you can add right to or take right from certain amounts, the capital stock, if I understand this thing correctly.

Mr. Box.—I never did understand much about it.

Mr. Wade.—I do not either, but it seems to me from the examination of Mr. Baecher, that the capital stock of these two companies was issued without the payment of a dollar to either company, except the sum of \$5,000 paid into the treasury on the first issue of stock of the Crosstown road. The balance of it was actually issued pursuant to these contracts for construction and the putting out of these bonds.

By Mr. Nixon:

Q. In other words, there was no proceeds from the sale of

bonds entered into the construction of the roads? A. It was paid out on the contract.

Mr. Box.— It was paid out, but whether the bonds were adequate is the question Mr. Baecher is not competent to answer.

Mr. Wade.— If I paid money for bonds there must be something on the books to show what I paid for the bonds.

Mr. Box.— Some sold for 85.

Mr. Wade.— The books ought to show I paid 85. It shows — the books of the company show the cost of construction for every foot of these roads. According to this witness, the company made the purchases of material and the company built the road.

Mr. Box.— I do not think that is true. I know much of the iron was contracted by Mr. Denniston, and the money paid by him. It does not indicate that the railroad paid the money.

Mr. Nixon.— The company kept all the accounts.

Mr. Box.— I am building a number of houses, and my contractor is a little dubious, and I see the bills are paid.

Mr. Wade.— You do not give him your bond for what the house is to cost, and then give another bond of an equal amount?

Mr. Nixon.— Did the stock of this company enter into the construction of it?

Mr. Box.— It seems to me it did. The bonds could not be floated.

Mr. Wade.— Conceding that to be true. I shall mail you a set of answers, involving those questions.

Mr. Box.— They will be answered, or a reason given. There is another question: Part of these roads were constructed in the most stringent money market the world has ever known. It was in the contract, and if we failed we lost what we constructed the previous year. There was a time when you could not borrow a dollar upon any fair security. It was in a highly experimental state. We commenced early in the electricity stage.

Mr. Wade.— It was not in 1893?

Mr. Box.— No one believed it was going to work the revolution it has. Simply because it has proved profitable I do not see why people should object.

Mr. Wade.— Now, I want to straighten out a matter with Mr. Russling.

Mr. Nixon.— We can get along faster if we can have those questions answered.

Mr. Box.— If we can answer those questions, we will do so. We have not attempted to hide our confidence or hide our books. The books are open to examination.

Mr. Nixon.— The answer to those questions would relieve us from an examination of those books, which is very expensive, and we prefer the former course.

J. H. Russling, recalled, testified:

By Mr. Wade:

Q. Your roads pay to the city $2\frac{1}{2}$ per cent. of the gross receipts?

A. Yes.

Q. If your company were relieved from that payment, could you not afford to sell tickets, good between 6 and 7.30 in the morning and 5.30 and 7 in the evening, at about three cents each, with the same transfer system that you have? A. Let me understand; you try to say that the saving is made on this money that we pay to the city would enable us to do it?

By Mr. Nixon:

Q. He wants to know if one would be the offset to the other?

A. No; that is only two and one-half per cent.

Q. Here is his question: Would this \$40,000 which you pay to the city by way of percentage, would that offset the difference between a five and three-cent fare between the hours of 5.30 and 7 in the morning and 5.30 and 7 in the evening? A. I do not think it would; I never figured it over.

By Mr. Wade:

Q. Take a little book of tickets, sold at three and one-half cents apiece, that costs \$1; those tickets, good only between those

hours, and any person who purchased and used them between those hours — now, I ask if you were relieved from this percentage, could you not afford to give that rate of fare between those hours? A. I do not think it would be compensation.

Q. Do you not think this would be worth while; you can demonstrate to a practical certainty whether your road could afford to do it? A. That may be done.

Q. Wouldn't it be worth your while to do it, and if it can be done don't you think the city of Buffalo ought to insist upon benefitting that class of people that ride between those hours, by doing it?

Mr. Box.— I do not think that Mr. Russling should be asked to answer that question, as his private opinion may be entirely at variance with his superior officers.

Q. That is the trouble with this whole matter all through, Mr. Box; the private opinions of subordinates are constantly smothered. A. I never figured on the question at all; I am not in a position to go at it; it is a question that can be arrived at very readily.

Q. I wish to change that question in this way; do you think it would be better to have the amount of money that is paid by the railway company to the city saved to the people who ride between 6 and 7.30 in the morning and 5.30 and 7 in the evening, by a reduction of fares between those hours? A. Yes; if you could arrive at the deduction to be made; that is, if it could be made and made with equity; but it is a question —

By Mr. Box:

Q. In other words, you think the patrons of the street railroad should have the benefit instead of the city at large? A. Exactly.

Q. Where a few large property-owners get the benefit? A. Yes; if it could be done that way; the question is, how many people do you carry in those hours?

By Mr. Wade:

Q. Can you tell us? A. Yes.

Q. You can figure at your office? A. Yes, but it would take some time; I could get it from my clerks; there is no question.

Q. Then, by issuing a book of tickets at the price I have indicated, assuming that that price would merely take the place of the money that you paid to the city on your gross receipts, and put them on sale— A. I think that would be a very equitable way to get at it; that is the way, I believe; that is, if it would not cost the company any more and we could give it back to the laboring classes through that method, I do not see any objection to it.

Q. Don't you believe, Mr. Russling, with that system, your increase of traffic on your lines would be quite material? A. I think it would increase, but the question of how much is one for the future to show.

Q. Now, Mr. Russling, complaint is made here about your failing to run sufficient cars; I want you to take Niagara street now; I asked you some questions about it yesterday, and during the hours of the day when the traffic is the largest, how frequently do you run cars? A. On Niagara street all day long there is a three-minute service continually; at night we put on two or three extra cars, which makes at certain intervals a minute and a half; between Connecticut street and Main street here nearly all day there are intervals when the cars are a minute and a half, and sometimes less than that.

Q. How many Niagara street cars do you run? A. Twenty-two.

Q. It takes how long to make the trip? A. It takes about 55 minutes.

Q. To make a round trip? A. I am not certain about that; that is to Forest avenue, the short cars.

Q. Twenty-two, did you say? A. Fifty-five.

Q. Twenty-two cars? A. Yes; that would figure about 66 minutes.

Q. And those cars carry about how many people, comfortably? A. They will seat 45 people without crowding at all.

Q. So that any hour of the day your Niagara street cars are

capable of carrying and seating, while carrying, 970 people an hour? A. Yes, sir.

Q. Both ways? A. That is both ways, seated; that would be 1,800 people.

Q. Or that would be twice that number down and back? A. Yes, sir.

Q. Practically 2,000 people an hour? A. Yes.

Q. And are the rest of your lines on the main thoroughfares substantially the same service? A. Main street is a more frequent up to Allen street; there are several lines coming down that street; as I told you, Mr. Wade, there was another line up to Connecticut street at certain intervals during the day that made the whole line a minute and a half.

By Mr. Box:

Q. The big cars run every three minutes, and then the small cars sandwiched in? A. That Connecticut street is right at the Niagara Hotel; there is a six-minute line on there that brings that line in ever six minutes.

By Mr. Wade:

Q. Do you have any complaint from people about crowding the cars? A. Very little from the people themselves; we have times when we have crowds at certain points, especially at Exchange or Main street; there on a very warm day all the cars are bringing in people at that point, which is only three or four blocks from the steamboat lines; there we have the Niagara street cars which is a three-minute line, the Baynes a six-minute line, the Michigan seven-minute, the Genesee a seven-and-a-half, the Jefferson a seven-and-a-half-minute line, all bringing people to that point, and it is congested. Time and again it is congested when people want to go down to the river; take the cars Sunday afternoon, a crowd on those cars, and it is never congested more than half an hour before it is done with; the fact is, the people all wait until the last minute to get their boats, and they all want to go at once; we could not possibly get cars enough on that end to accommodate

the people; we try to; that is the only place I have had any kick made.

Q. That is the point Mr. Small was talking about? A. Yes; that is the reason a great many people walk from that point to the boats, but it is only a short distance from there to the foot of Main street.

The committee took a recess, subject to the call of the chair.

Pursuant to adjournment the committee met in the Assembly parlors, at Albany, N. Y., Tuesday, September 3, 1895.

James McCredie, called and sworn, testified:

By Mr. Wade:

Q. Do you reside in the city of Albany? A. I do.

Q. What business are you engaged in? A. In the malting business; I am a maltster.

Q. Are you in any way connected with the surface street railway in the city of Albany? A. I am.

Q. In what capacity? A. As secretary.

Q. Of what road? A. The Albany Railway.

Q. Is that the only surface street railway in Albany? A. Yes, sir.

Q. How long have you occupied that position? A. Since the fall of 1889; I can not tell you the exact date; about six years.

Q. And at the time you were elected secretary how was the road operated; by what power? A. Horse-power.

Q. Subsequent to that time it was changed to electric-power? A. What do you mean?

Q. Subsequent to the time you were first elected secretary? A. No, sir.

Q. It is all operated by electricity now, is it not? A. Yes, sir.

Q. Then it must have been subsequent? A. No; it was that fall we changed to electricity.

Q. Six years ago? A. Yes, sir.

Q. Was the road electrified after or before you were elected secretary? A. Ask that question again.

Q. Did you convert horse power to electric power before or after you were elected secretary? A. After.

Q. Was there more than one surface street railway in the city of Albany at the time you were elected secretary of this one? A. Yes, sir.

Q. What were they? A. Besides the one I was connected with?

Q. Yes. A. The Watervliet Turnpike and Railway Company.

Q. Were there two lines in Albany? A. Yes, sir.

Q. Have they been consolidated? A. We operate both roads.

Q. By consolidation or lease? A. Lease.

Q. What was the amount of trackage of the Albany road at the time you were elected its secretary? A. I couldn't tell you, sir.

Q. Can you tell about the amount? A. No, sir; I couldn't have any idea.

Q. Can you tell whether it has been increased or diminished since that time, since you were first elected secretary? A. It has been increased.

Q. Do you know what the mileage is to-day? A. No, sir.

Q. Or about the extent? A. I couldn't tell you.

Q. You are one of the directors of the road? A. Yes, sir.

Q. How often do you have directors' meetings? A. Once every month; the second Thursday of every month.

Q. Your regular meetings are at that time? A. Yes, sir.

Q. Upon what streets does your railroad run? A. Do you want for me to locate the streets?

Q. Yes. A. State street, part of Eagle street, Washington avenue, Central avenue, Watervliet avenue.

Q. That, you say, is one line? A. Yes, sir; what we call the West Albany.

Q. Is that what you call the leased line? A. No, sir; the leased line is on Broadway, or Troy.

Q. Give all the lines. A. On Pearl street, Clinton avenue to

Quail street, Madison avenue, Lark street, Hamilton street, Plain street, Philip street and Broadway.

Q. Have you named now what comprised another line? A. No; I was starting on the leased lines; Broadway and Watervliet Turnpike; I can not go through, because I do not know the names of the streets.

Q. Then there are now under your management what formerly were three different lines?? A. No; there was the West Albany line and the Belt line.

Q. What company owned the Belt line? A. We built that ourselves; we merely made a connection.

Q. You spoke of the West Albany road was that a separate company at one time? A. No, sir.

Q. There has not been but two separate companies, namely, the Albany Railroad Company and this Watervliet Company you speak of? A. Yes, sir.

Q. Watervliet and Turnpike; are you sufficiently familiar with this road to tell us approximately the extent of trackage of the Turnpike road or Watervliet? A. No, sir; I am not.

Q. When did your company lease that road; I have a report here and I guess I can help you about the date of that? A. Was it in 1890; I am not sure.

Q. I do not know; I saw it here a moment ago. A. I thought it was 1891; I am not sure about that date.

Q. It went into effect March 15, 1892, so this report to the Railroad Commissioners states. A. That is correct.

Q. This is a report to the Railroad Commissioners of last year, of 1894, and did your company assume control of the Watervliet Turnpike and Railroad Company at that time? A. At the time we leased it?

Q. Yes; March 15, 1892? A. It is under our management; I couldn't tell whether we did on that day or not.

Q. About that time? A. Yes, sir.

Q. How was that road operated at that time? A. By electricity.

Q. Have you increased that line at all since the lease? A. Do you mean extending the road?

Q. Yes. A. I think not; I do not know, I am sure.

Q. What road have you built within the last three years? A. What road have we built?

Q. Yes; that is, by way of increasing, if any? A. I don't know as we have built any road; we have done a great deal of building of our own road; I don't know as we have any new road.

Q. I mean, extending your line, if at all? A. I can not recall our extending our lines.

Q. You spoke about one place? A. That Belt line, making a connection across the street.

Q. When was that done? A. Two years ago.

Q. How extensive is that? A. I think about three blocks.

Q. Three blocks? A. Yes, sir.

Q. Double track? A. Yes; from Clinton avenue to Central avenue.

Mr. Rosendale.—Mr. McCredie acts as secretary, but he is not in the office at all; he gets an allowance of \$100 a year.

Q. So he is not familiar with it? A. Oh, no.

Q. State your connection with the road? A. I will state I am secretary of the company, and that I do not occupy a position in the office; I attend meetings and take records of the minutes.

Q. You are not familiar with the details of its management? A. No, sir; I am not.

Q. Or the details of the road? A. No, sir; I am not.

Q. Have you ever had any experience with electric or surface street railroads of any character other than this? A. No, sir.

Q. Have you ever been connected in any other capacity with any other road? A. No, sir.

Q. When did you first commence electrifying this road, if you can state? A. Do you mean operating our cars by electricity?

Q. Yes, or converting the power from horse power into electric power? A. I think we started in the fall of 1889.

Q. That would be six years ago? A. Yes; to make arrangements for tracks and so forth.

Q. Do you know what that change involved, in so far as the

track is concerned, whether it required relaying or rebuilding that track? A. It did.

Q. Throughout? A. Yes, sir.

Q. And were you familiar with that work? A. No, sir.

Q. Who had charge of that work for the company? A. Do you mean by that the superintending of the track?

Q. Yes; the person who was actually overseeing the work? A. The track superintendent.

Q. Who was that? A. Mr. Walsh.

Q. Is he still with the company? A. Yes, sir.

Q. In the same capacity? A. Yes, sir.

Q. Do you know whether or not the reconstruction of the road into an electric road was done by the company themselves or by contract? A. I don't know.

Q. And about the expenditures in that regard, are you familiar? A. No, sir; I am not.

Q. Could you approximate? A. No, sir.

Q. Who in your company would be liable to have that information? A. Of the figures and all?

Q. Yes. A. I suppose the general manager.

Q. Who is the general manager? A. J. W. McNamara.

Q. Where is he now? A. I could not say.

Q. I do not mean this minute, but does he reside in Albany now? A. That I could not say.

Q. Is he still connected with the road? A. Yes, sir; I thought you meant if he was here in this room; he lives here.

Q. I knew some of the company were away, and I didn't know whether that gentleman was or not; are you sufficiently familiar with the operation of the road to tell the committee about its management and how it is managed and the details of it? A. No, sir.

Q. Do you know anything about its transfer system, if it has any? A. We have not any transfer system.

Q. You have none? A. No, sir.

By Mr. Rosendale:

Q. Explain about the Belt line and the prospect. A. On that Belt line we run around the entire city, and that we did on account of the people making a general demand for it; we expect now to connect our lines, instead of giving transfers.

By Mr. Wade:

Q. And make that a feeder for the other lines? A. Yes; and to connect and go to Troy.

Q. You contemplate running your cars right through to Troy? A. Yes; what we call an inter-communicating line.

Q. The fares that you charge are what? A. Five cents in the city; on the Belt line to Troy, 10 cents.

Q. Where do you make the division? A. The city line.

Q. Is your road running to the city of Troy across the river? A. Yes; we go right into the city of Troy.

Q. You collect two fares from Troy to Albany? A. One fare, if you are going through; if I am not mistaken there are three fares on that road; 5 cents to the city line, 8 cents to the cemetery, and 10 cents to Troy.

Q. Do you collect that all in one fare, at one time? A. Do you mean if they are going to Troy?

Q. Yes. A. We take 10 cents, and you ride right through to Troy.

By Mr. Gleason:

Q. The conductor asks where you are going? A. Yes, sir.

By Mr. Wade:

Q. Why I ask that is because in some places they collect five cents to the city line, and after passing the city line they collect five cents more, but you collect all in one? A. Yes; all in one.

Q. Do you have any percentage to pay either of the cities on the gross receipts? A. That I do not know.

Q. And your fare is uniform throughout the day? A. Yes, sir.

Q. Is there any difference in the morning or evening? A. No, sir; night and day the same thing.

Q. How many cars have you in operation? A. That I can not say.

Q. And you are unable to say about the number of employes? A. I couldn't tell you.

Q. When did you first become connected with this street railroad in any capacity? A. In, I think, August, of 1889.

Q. Was it not when the road was first put in operation? A. No, sir.

Q. How many years ago? A. A great many years ago; as long as I can remember.

Q. At the time you became connected with it was there a substantial change of management, old fellows selling out and new ones going in? A. They were all, then, when I was there.

Q. What was the capital stock of your road at the time you first became a stockholder; what was the amount? A. I do not remember.

Q. Can you tell about the amount? A. No, sir.

Q. Can you tell about what it was worth at that time? A. No, sir; I can not.

Q. You acquired some in order to be connected with the road? A. My father bought it.

Q. You do not know what he paid for it? A. No, sir.

Q. Has the capital stock been increased since that time? A. Oh, yes.

Q. To what extent? A. The capital stock is to-day \$1,500,000.

Q. When was the increase made? A. I do not remember.

Q. Can you state about when? A. No; I wouldn't want to state, because I could not tell.

Q. You can not tell how much the increase was? A. No, sir.

Q. How was that stock issued, the increase?

(Witness refers to a memorandum and reads from it.)

A. On October 1, 1887, it was \$275,000; the 15th of September, 1890, increased \$475,000; November 1, 1893, \$250,000.

Q. A total of what? A. That is a total of \$1,250,000 twice; but not issued; \$250,000 more.

Q. Has that other \$250,000 been issued? A. No, sir; it is in the hands of the treasurer.

Q. Your total capital issue now is \$1,250,000? A. Yes, sir.

Q. Your first increase was when? A. September 15, 1890, it was increased \$475,000.

Q. How was that paid for, do you know? A. No, sir, I do not.

Q. Did you acquire any of the stock, any amount of that increase? A. No, sir, I did not.

Q. Or your father's estate? A. My father's estate did.

Q. Who had charge of that for the estate of your father? A. The executors.

Q. Were you one of them? A. Yes, sir.

Q. Do you know how they acquired that stock? A. No, sir.

Q. Or what was paid for it? A. No, sir.

Q. Or whether anything was paid for it? A. I do not remember.

Q. At that time what was the bonded indebtedness of the company? A. I do not know.

Q. Do you know whether it was increased or not at that time? A. No, sir.

Q. Or about that time? A. I do not know.

Q. The second increase of stock was when? A. November 1, 1892.

Q. The first increase was in November, 1890? A. Yes, September 15, 1890.

Q. And the second increase was when? A. November 1, 1892.

Q. What was the amount of that? A. Two hundred and fifty thousand dollars.

Q. Two hundred and thirty thousand dollars? A. Two hundred and fifty thousand dollars.

Q. That was three years ago next November? A. Yes, sir.

Q. Were you present when they voted to increase the capital stock to that amount? A. I think I was.

Q. Do you remember how that stock was disposed of? A. No, sir, I wouldn't say for sure, because I do not know.

Q. Did you acquire any of it yourself, or your father's estate, either? A. Yes, sir.

Q. How? A. I do not understand that question.

Q. How did you acquire it; as secretary of the company you have to sign all these certificates, do you not? A. No, sir.

Q. Who does? A. The general manager and treasurer.

Q. Do they not bear your signature at all, the certificates? A. No, sir.

Q. Very well; in 1890, you procured, as executor of your father's estate, or as one of the executors, some amount of this stock of this road? A. Yes, sir.

Q. Are you able to say whether you paid anything for it? A. Yes, we paid for it, but I can't tell you what, because I do not remember.

Q. Can you tell about what? A. No, sir.

Q. Can you state of what the payment consisted, whether it was cash or otherwise? A. No, sir; it must have been by check, I presume.

Q. What? A. By check, I suppose.

Q. Did the check come back to you unpaid? A. Unpaid?

Q. Or was it paid? A. No, hardly; I guess it was paid.

Q. How much stock did you acquire at that time; you know, sometimes we take that stock and get it back without the check being paid? A. There was not anything of that kind; I could not tell you what we acquire that at.

Q. Or what you paid for it? A. I do not remember, no, sir; I have bought a good deal of stock.

Q. You have been one of the directors of the company all the time? A. Yes, sir.

Q. Here is a time they increased its capital stock and practically doubled it, did they not, in 1890? A. Yes, sir.

Q. And, as a director of the company, you are unable to state what that stock brought into the treasury of the company, if anything? A. I could not tell you, no, sir.

Q. Do you know whether at that time there were new bonds issued on behalf of the company? A. No, sir, I do not.

Q. Do you know the fact that the company has a bonded indebtedness? A. Yes, sir.

Q. Of how much? A. I am not sure, but I think it is \$730,000 or \$780,000; is that \$780,000; it is \$780,000, Mr. Wade.

Q. You have got first mortgage bonds, \$34,000; third mortgage bonds, I think, \$28,500; fourth mortgage bonds, \$11,500; fifth mortgage bonds, \$38,000; consolidated mortgage bonds, \$388,000; debenture bonds, \$200,000; N. & E. Greenbush H. R. Company's bonds, \$30,000; a total of \$730,000? A. Seven hundred and thirty thousand dollars?

Q. That is what this report shows? A. That is last year.

Q. It has been increased since last year? A. Yes, sir, by \$50,000 debenture bonds.

Q. Were you present last year when the board of directors voted a dividend? A. Yes, sir.

Q. What amount of dividends was voted last year, in 1894? A. At the rate of 6 per cent.

Q. What? A. Six per cent.

Q. Twelve, wasn't it? A. Yes.

Q. The report shows 12? A. That can not be right.

Q. Yes? A. Six per cent.; if there was any other voted, I was not there.

Q. Dividend declared 12 per cent. on the capital stock, \$127,497; I state in 1894; that was the fiscal year ending June, 1894 — June 30th? A. What?

Q. Do you remember of voting to declare that dividend? A. Yes, sir.

Q. And do you remember how it was paid, if at all? A. I remember it was paid.

Q. I notice, Mr. McCredie, your net earnings that year were \$91,504.89, out of which you declared a dividend of \$127,497, leaving a deficit of \$49,392.11; do you remember that? A. No, sir; I do not remember it.

Q. Has it been the custom of the road since you have been con-

nected with it, to declare dividends when they had no money with which to pay them? A. No, sir.

Q. Or to create a deficit by declaring dividends? A. No, sir.

Q. So that such an occurrence ought to have fastened itself upon your memory, hadn't it; it seems to have taken place in 1894, that you voted a dividend of 12 per cent., when the net income of the road lacked \$36,000 of enough to pay it?

Mr. Rosendale.— There was a surplus.

By Mr. Wade:

Q. I want to know how that was paid? A. I can not tell you.

Q. Do you know anything about a surplus being left over the previous year? A. No, sir.

Q. I see this report says, the surplus up to June 30, 1893, was \$17,000.89; now, that would take care of half of the deficit you created by declaring this dividend; can you tell how the balance was taken care of? A. No, sir.

Q. Since that time the bonded indebtedness of the company has been somewhat increased, since June 30, 1894? A. I could not say; I don't know.

Q. I understood you a little while ago to say that; don't you think, Mr. McCredie, your position as director, calls upon you to know about these matters? A. I suppose it does, but I never gave it any attention.

Q. Of course, the bonded indebtedness of the company, the bonds, you have signed? A. No, sir.

Q. They do not bear your signature? A. No sir, they do not.

Q. Who does execute them on the part of the company? A. The treasurer, if I am not mistaken, Mr. McNamara.

Q. He signs the coupons, but don't you sign the bonds? A. No, sir.

Q. The president signs the bonds? A. Yes, sir.

Q. The president and the secretary? A. Yes, sir.

Q. Aren't they attested by the secretary; I notice that you have, Mr. McCredie, \$549,000 of the stock issued on account of construction; do you know to whom that was issued? A. No, sir.

Q. You had no contract for construction, if I understand you correctly? A. I do not remember.

Q. Do you have balance sheets before your board of directors at each monthly meeting? A. Yes, sir.

Q. Showing the earnings and expenditures for the preceding month? A. Yes, sir.

Q. Ending the first of the month? A. Yes, sir.

Q. So that on the 15th of September, you will be able from that balance sheet to tell whether your company made or lost money in August? A. No, sir.

Q. And so through each of the months through the year? A. Yes, sir.

Q. Do you examine those sheets personally? A. No, sir.

Q. Are they read at your directors' meetings? A. No, sir.

Q. And placed on file? A. Yes, sir.

Q. During the time this road was changed from horse-power to electric power, what officers of the road were drawing any salary? A. I think the general manager.

Q. And was he one of the directors? A. Yes, sir.

Q. And an extensive stockholder? A. That I could not say.

Q. You have to sign the stock, do you not? A. No, sir.

Q. Stock certificates? A. No, sir.

Q. I don't know what kind of a system you have here? A. I have only a salary of \$100; it is merely nominal; I am not an active officer of the company excepting as a recorder of the meetings, and issuing notice of the meetings; the treasurer and manager are.

Q. The office of treasurer and general manager is held by Mr. McNamara? A. Yes, sir.

Q. Is there any other person connected with the company that knows about the contracts of the company, and the bonds of the company, and how the bonds are issued, and how the road is paid for, and how the stock is paid for? A. Is there anyone else?

Q. Yes. A. Yes, sir, the general manager and treasurer.

Q. I mean, outside of him? A. The present president of the company would know.

Q. Who is he? A. Robert C. Pruyn.

By Mr. Rosendale:

Q. He receives no salary? A. No, sir.

By Mr. Wade:

Q. When did you declare the last dividend on the stock? A. Probably the first of August.

Q. When did you declare it? A. On the second Thursday in July.

Q. Second Thursday in July? A. Yes, sir; that is our regular meeting day.

Q. That was a dividend of 6 per cent.? A. No, at the rate of 6 per cent.

Q. For how long? A. Six per cent; what do you mean?

Q. I asked you if that was a 6 per cent. dividend and you said at the rate of 6 per cent.? A. Yes, sir

Q. That was on a dividend declared during that fiscal year? A. No; that was a quarter dividend.

Q. Of one and one-half per cent.? A. Yes, sir; when I stated at the rate, I meant that.

Q. You declared during that year, quarterly dividends aggregating 6 per cent. for the entire year? A. Yes; that is what I meant.

Q. Do you know now whether there is a deficit or surplus on hand? A. I don't know.

Q. Do you make any inquiry when a proposition comes up to declare a dividend? A. Yes, sir.

Q. Do you know how it was on the second Thursday in July? A. I do not know the exact standing; no, sir.

Q. Did you understand at that time that the dividend had been earned? A. Yes, and the sheet showed it.

Q. How are your gross receipts for the fiscal year ending June 30, 1895; how do they compare with the gross receipts for the preceding fiscal year next preceding? A. I couldn't tell you.

Q. You do not know whether they are greater or less? A. They are larger; I do not know how much.

Q. Do you know how the operating expenses of the two years compare? A. No, sir.

Q. Has Mr. Pruyn been president all the time that you have been secretary? A. Yes, sir.

Q. Have you ever had any experience in the construction of street railways? A. No, sir.

Q. Or in equipping them? A. No, sir.

Q. Do you know what the cars in operation on your line cost? A. No, sir.

Q. Do you know the kind and character of rail you use for the road? A. No, sir; I suppose you may mean the exact kind?

Q. You use a girder rail, do you not? A. No — yes, that is right; I was thinking of the T-rail; yes, it is a girder rail.

Q. Mr. McCredie, if I understand you correctly, you have had no experience in the operation of this or any other road? A. No, sir.

Q. And did not know anything about the operating expenses? A. No, sir.

Q. Or the method of operating? A. No, sir.

Q. And never have been familiar with the details of the operation? A. No, sir.

Q. Now, your chief connection of the road is recorder of the directors and stockholders' meetings? A. Yes, sir.

Q. Now, there was a time when there was a vote taken to increase its capital stock \$450,000? A. Yes, sir.

Q. What action of the board was taken in that respect; anything more than a vote to increase it? A. Oh, yes; the usual form of notifying the stockholders.

Q. That was your especial meeting of the stockholders? A. Yes.

Q. They met and voted for the increase, I suppose? A. Yes, sir.

Q. That, presumptively, was to bring something into the treasury of the company; now, do the minutes of your directors' meetings disclose what was brought into the treasury of the company

by that increase, and what disposition was made of it? A. What was that question?

Q. I say, do the minutes of the meetings of your directors show what came into the treasury from that increase of capital stock and what disposition was made of it? A. No, sir.

Q. Do you know whether it was sold at par, or below par, or above par? A. No, sir, I do not know.

Q. Were you ever called upon to vote upon the question as to whether it was to be sold at par, or above or below par? A. I do not remember.

Q. You do not know whether it was actually sold at par, or above or below par? A. No, sir.

Q. Are you familiar with the books of the company; did you ever see them? A. No, sir.

Q. You don't know whether they show anything about this? A. No; I never examined the books.

Mr. Rosendale.— I presume they do, Mr. Wade.

Mr. Wade.— I suppose so; I presume that will all come up by other witnesses.

A. I thought Mr. Wade was talking about what I did.

Q. I do not mean to be technical; any explanation you wish to make to any of your answers you may make.

By Mr. Rosendale:

Q. You do not remember what the minutes show? A. No, sir.

By Mr. Wade:

Q. You have not examined them for that purpose? A. No, sir.

Q. Is the president of the company here? A. No, sir; he is out of town.

Q. Is the superintendent here?

Mr. Rosendale.— Mr. McNamara is on his vacation.

Mr. Wade.—Who does the business during his absence?

Mr. Rosendale.— The assistant manager is also away. The books are here and open for examination. There is an executive committee of the board of directors which meets weekly, every

Monday, and which acts for the board in all matters arising during the week, keeping minutes of its proceedings, which are transmitted to and read at the meetings of the board of directors monthly and ratified or rejected by the board. They are submitted to the board for their approval.

By Mr. Wade:

Q. State, in this connection, who composes that committee, Mr. McCredie? A. The president, vice-president —

Q. Who was the vice-president? A. Shall I name them; president, Robert C. Pruyn; vice-president, Anthony N. Brady; general manager, John W. McNamara; and James H. Manning and A. Bleecker Banks; and they are all directors and the executive committee of the board of directors.

Q. When was Mr. Manning elected director? A. A long time before I was in the board; he was formerly secretary.

Q. Are either of those gentlemen here? A. No, sir.

Q. None of the executive committee? A. No, sir; I think they are all out of town.

Q. What is your bookkeeper's name? A. David Caswell.

Q. He is not a director? A. No, sir.

Mr. McCredie, we will excuse you for the present.

David Caswell, called and sworn, testified:

By Mr. Wade:

Q. You reside in Albany? A. Yes, sir.

Q. What is your occupation? A. Bookkeeper.

Q. For what concern? A. The Albany Railway.

Q. How long have you been in that position? A. A little more than four years.

Q. Were you in that position at the time the road was changed from horse-power to electric-power? A. There was a few horse cars running when I went with the road, but they soon had it all equipped and electrified.

Q. Have you in your possession the books of the company? A. Yes, sir.

Q. Showing the actual cost of changing the road from horse to electric-power? A. There is nothing on the books showing the cost, except the cost of construction and equipment, since those years, which will be shown in the annual report.

Q. Do not the books of the company show the expenditures of the company? A. Yes, sir.

Q. Was the changing of the road from horse to electric-power done by contract or by the company itself? A. It is my impression it was done by contract; it was before my time.

Q. Do not the books show that? A. The books show that there was—I do not know that the books show that; I will see what they do show.

(Witness refers to books.)

Mr. Rosendale.—I assume the books show the issue of stock and bonds and whatever there was to do.

A. The books show the account of the Thompson-Houston Electric Company; the entries were all made before my time, except—

By Mr. Wade:

Q. What entries were made with that company? A. January 31, 1890, they are charged with \$350,000.

Q. Of what? A. Consolidated mortgage bonds of 1930, Nos. 1 to 350, inclusive.

Q. At what price? A. At par.

Q. At par? A. Yes, sir; September 15, 1890, they are charged with capital stock, \$475,000.

Q. The Thompson-Houston Company? A. Yes, sir.

Q. Where was that company doing business at that time? A. Their principal office was in Boston.

Q. How did they pay for that stock and the bonds? A. They are credited with—the credit here is by road and railway, \$8,116.39 that is March 31, 1890; October 3, 1890, by cash, \$15,000; October 27, by cash, \$8,925.46; June 30, 1891, by equipment, \$600,725.87; by construction—

Q. Six hundred thousand seven hundred and twenty-five dollars and eighty-seven cents? A. Yes, sir; construction, \$192,232.28, and that balances the account.

Q. Was there a contract made with the Thompson-Houston Company, to your knowledge, for the rebuilding of this road, or changing it from horse-power to electric-power? A. Not to my knowledge; I was not with the company at the time.

Q. Have you seen a contract with the company? A. I have seen a number of contracts, but never read them, so I do not know.

Q. How many cars are there on this road? A. About 100.

Q. About 100? A. Yes, sir; altogether.

Q. The term "equipment" includes what? A. Includes the power stations, equipment, and the cars and horses and everything.

Q. You have no horses now? A. No; but when they had them it was charged to equipment.

Q. Does that include boilers, engines, generators? A. Yes.

Q. And so forth? A. Yes; everything in the power-house except the building.

Q. You have about 100 cars, and they cost what? A. I do not know what they do cost; I never figured it.

Q. You bought those cars where? A. We bought them in parts; trucks in one place, bodies in another.

Q. What do the bodies cost? A. I can not tell you.

Q. Haven't you it on your books? A. We have it on our books, but I haven't it here.

By Mr. Rosendale:

Q. Can not you tell in a general way? A. I do not know that I can.

By Mr. Wade:

Q. What do the motors cost? A. That I couldn't tell.

Q. How many boilers have you in the power stations? A. I think there are eight.

Q. Do you know what they are? A. They are Babcock & Wilcock Company make.

Q. Do you know the capacity? A. No, sir.

Q. How many engines? A. Five.

Q. How many generators? A. Eleven.

Q. Do you know the capacity of those? A. I do not.

Q. Do you know what any of these things cost? A. No, sir.

Q. Have you got upon your book or books anything that will show the actual cost of any of those articles, boilers, engines and dynamos? A. We have everything; yes, sir; but we have not it here.

Q. I do not mean this stock and bond deal. A. No, sir.

Q. This equipment never cost \$600,000, did it? A. I couldn't tell you.

Q. What do you think about it? A. I think it did.

Q. You have got equipment and construction—you think it cost \$600,000, do you? A. Yes, sir.

Q. In cash? A. Yes, sir.

Q. Are the cars practically uniform? A. I think some of them are longer than others, about two feet; otherwise.

Q. What motors are in use? A. Westinghouse and General Electric.

Q. Now, your car bodies here do not cost—do you know what they cost, Mr. Rosendale?

Mr. Rosendale.—I do not.

Q. Who made the contract for those car bodies, do you know? A. The executive committee contract for all things.

Q. Will your books show just what was paid for those car bodies? A. They will show what was paid for the car bodies that we have bought since—

Q. They will show what was paid for the car bodies included in this term equipment? A. I think not.

Q. What? A. I think not.

Q. Where is that to be found? A. I don't know as it can be found; the Thompson-Houston account was divided up.

Q. Is the Thompson-Houston Company still a stockholder in the company? A. No, sir.

Q. What became of that? A. I don't know; that was transferred before my time.

Q. Was the stock actually issued to them? A. Yes, sir.

Q. Is the stock book in your custody? A. Yes, sir.

Q. Will you bring it down in the morning? A. Yes, sir.

Q. The stock ledger? A. Yes, I will.

Q. You have not it here now? A. No, sir.

Q. How many miles of road have you in this city? A. There are 34, with lease lines, now.

Q. A little over 34 now with the leased lines? A. Yes, sir.

Q. What does it cost to build an electric road per mile in the city of Albany? A. I do not know.

Q. That 34 is trackage? A. Yes, sir; the total trackage.

Q. It means so much of single track line? A. Yes, sir.

Q. Figuring that at \$5,000 a mile, would make your entire line cost you \$170,000 for construction; now, do you think it cost that in the city of Albany? A. I guess so.

Mr. Rosendale.—It is in our construction here.

Mr. Wade.—I got pretty close to it; you have only got \$192,000 here.

Q. Have you any idea what particular individuals it would be well to call upon that could inform us about this business connected with your road; I mean, someone that is in town; not someone that is away? A. No, I couldn't tell you; I do not know of anyone in the company at that time that is in town.

Q. Do you know any member of the executive committee who is within the city at the present time? A. I heard that Mr. Manning was here this morning; I do not know whether he is here this afternoon.

Q. Have you got in your custody the contracts that were made with the electric company for this equipment and construction? A. They are in the office, if there was any contracts made.

Q. Can you produce those? A. Yes, sir.

Q. Have you got there the lease of the Turnpike line? A. Yes, sir.

Q. Will you produce it?

Mr. Rosendale.—What is that?

Mr. Wade.—The Watervliet, Turnpike and Railroad Company; I called it the Turnpike line.

Q. You can produce that? A. Yes, sir.

Q. Are you able to tell whether a dollar has been paid into the treasury in cash from any increase of the capital stock of the company? A. Yes, sir.

Q. Has there? A. Yes, sir.

Q. By whom? A. The stockholders.

Q. At what rate? A. Par.

Q. At what per cent.? A. Par.

Q. So that this increase of \$450,000 and \$250,000— A. Increase of \$475,000; that was before my time and that I don't know anything about.

Q. What has taken place in your time? A. Two \$250,000 increases.

Q. That is \$500,000? A. Yes, sir.

Q. You say that stock was sold at par and the cash paid into the treasury? A. Yes, sir.

Q. Who took it? A. The stockholders of record at the time the capital was increased.

Q. How did they take it? A. It was divided pro rata amongst them.

Q. That is, a person holding so much stock was entitled to a certain percentage of the new stock? A. Yes, sir.

Q. Each given an equal opportunity? A. Yes, sir.

Q. What was given with that \$500,000? A. I couldn't tell.

Q. Your books show, do they not? A. Yes, sir; it went into construction.

Q. Did that go into the construction of the Belt line? A. Into the construction of all the lines; increase of the rolling stock of the Watervliet and Turnpike Railroad and the leased lines.

By Mr. Rosendale:

Q. You mean the Watervliet and Turnpike road? A. Yes, sir.

By Mr. Wade:

Q. I understood the witness to say it was constructed before the lease? A. It was electrically equipped before the lease.

Q. What did you do? A. Had to build it all over.

Q. How many miles was there in that line? A. The book shows; I don't remember; here it is.

(Counsel reads from the book.)

Q. Fifteen and seven-tenths miles? A. Yes, sir.

Q. Now, then, you have on your books, and it has been put on there by yourself somewhere, the cost of various stages of reconstructing this road? A. Yes, sir.

Q. Rebuilding it; and from those books can you tell the actual cost of taking up the old track and relaying the new track for the electric road at any place? A. I can not; it has not been kept separately.

Q. How do you know what to charge to construction and what to charge to anything else? A. We have what we call a track and roadway construction account, and an overhead construction account.

Q. Yes. A. And those separate accounts, the track, rails and so forth, are charged to railway construction, and the overhead wires are charged to another account.

Q. Then, I should think you could turn to your books and tell? A. I think I could by turning to the books since I have kept them.

Q. Since that time, tell me how many miles have been rebuilt? A. I couldn't tell you; it all goes into one account.

Q. Tell me how much has actually gone into reconstruction of the roadbed itself; I do not mean stock or bonds; I mean actual cash; figure right on that book if you want to, Mr. Caswell.

(The witness makes computations from a book of the company produced in court, under the head of "Track and Roadway Construction.")

A. Track construction has been \$300,540.20.

Q. Now, what has the overhead construction been charged?

(Witness makes computation from the same book under the head of "Overhead Construction.")

A. Ninety thousand nine hundred and fifty-five dollars and sixty-eight cents.

Q. What has been charged to equipment during that time?

(Witness makes computation from same book, under the head of "Car Equipment.")

A. One hundred and eighty-three thousand four hundred and fifty-five dollars and eighty-five cents; that is car equipment; now I will look up that power station equipment.

(Witness makes computation from same book, under the head of "Power Station Equipment.")

A. The power station equipment is \$70,208.54.

Q. Now, is there any other matter charged to construction account during that time? A. Yes, there is building construction.

Q. What is that? A. How much is the amount, do you mean, of building construction?

Q. Yes.

(Witness makes computation from same book, under the head of "Building Construction.")

A. The building construction account is \$31,192.91.

Q. Is there any other charge or entry of any kind that properly pertains to any part of the construction or equipment of the road?

A. Yes; there is turnpike construction.

Q. What does that mean? A. That means the reconstruction of the turnpike of the leased lines.

Q. Oh; before you go to that, I want to ask you what period these other items cover? A. They cover from 1891 to 1895.

Q. Do they cover all the period that this road was being changed from horse power to electric power? A. No, sir; they cover a period —

Mr. Rosendale.—Subsequent to the original change of construction. This is from 1891 to 1895.

By Mr. Wade:

Q. Now, then, that all pertains to the construction and equipment of 18½ miles of road, does it not? A. No, sir.

Q. Eighteen and one-half miles of track? A. Thirty-four miles of single track.

Q. That includes the other? A. This construction and equipment includes the leased lines also.

Q. I thought you said you just come to turnpike? A. The turnpike proper; the Watervliet and Turnpike owned the turnpike, and this turnpike was owned by the road.

Q. I thought you meant the Turnpike?

Mr. Rosendale.—No. There is a turnpike, and a railroad on the turnpike.

Mr. Wade.—That has nothing to do with the road. It does not have anything to do with the cost of constructing the road.

Mr. Rosendale.—It enters properly as an item of construction against ourselves. But no, not if that last question is what you meant.

By Mr. Wade:

A. The other items of interest and so forth and discount, have been changed to construction during that time.

Q. Why do you charge those to construction? A. Because we have borrowed money for the purpose; interest on temporary loans, demand notes.

Q. Have you a book in your office that will show the cost of construction prior to 1891? A. This shows the cost, but not in detail.

Q. What does it show, the cost of construction prior to 1891; I do not mean commencing with the original road, but commencing with the electrifying of the road? A. The construction stood \$528,546.67 on June 30, 1891; that was the balance of the construction account.

Q. Does that represent cash, or is there bonds and stock included in that? A. The Thompson & Houston account is included in that.

Q. Does that include equipment also? A. No, sir; that is construction account.

Q. The construction account stood so when? A. June 30, 1891.

Q. What did the equipment account stand then? A. Seven hundred and twenty-three thousand nine hundred and sixty-six dollars and ninety-one cents.

Q. Seven hundred and twenty-three thousand and how much? A. Nine hundred and sixty-six dollars and ninety-one cents.

Q. That includes car equipment and power station equipment? A. Yes, sir.

Q. That makes the total equipment account stand \$977,631.30? A. I guess you have not all the items in.

Q. I have got all you gave me? A. The interest and discount you have not in, and there is some credits that will change that; the equipment account, June 30, 1895, was \$1,042,771.30.

By Mr. Rosendale:

Q. That is, June 30, 1895; that is the equipment account? A. Yes, sir.

By Mr. Wade:

Q. Now, does that purport to be actual cash expended for equipment, on your books? A. That is the equipment account; whatever they gave for equipment went into that account.

Q. I know it; that includes all the bonds and stock business? A. Yes, sir.

Q. You do not believe the equipment of this line cost \$1,000,000, do you? A. I don't know why it should not; this is equipment account since 1863.

Q. With never anything charged off against it? A. No, sir; only what was sold; anything that was sold and charged to equipment account was taken off.

Q. There was not much equipment account up to the time you commenced electrifying the road, was there; I wish you would get back there and tell me how much the total equipment account was in 1889, and that will tell us very quickly; June 30, 1889, you hadn't commenced to change to electricity then? A. At that time, in 1889, the fiscal year ended in October instead of June.

Q. All right; October, then? A. October 1, 1889, the account was \$146,269.60.

Q. That shows your equipment for electrifying the road cost \$896,501 and something, up to date; now, do you actually believe it cost that amount of money? A. I have no belief about it; I do not know; that was what was done before I was with the company, and I know nothing of it.

Q. Do you know the capacity of your power house? A. No, sir.

Q. Do you know how many tons of coal you burn up a day? A. I can tell very readily; I do not know, but I can get it right here.

Mr. Rosendale.— We have a hard line to run. A good many hills.

Mr. Wade.— I know you have.

A. It costs us about \$36 a day for coal.

Q. How much do you pay a ton? A. We burned 470 tons last month, and we paid \$2.40 a ton.

Q. About 15 tons a day? A. In June we burned 539 tons.

Q. Now, you say you have 100 cars on this line; is that correct? A. About 100, I think; the report shows exactly; we have not increased any since the date of that report.

Q. Number of box cars, not motors, 21; what does that mean? A. Those are old cars.

Q. Not in use? A. No.

Q. That, then, would belong in this old construction account of some one hundred and odd thousand dollars, would it? A. Yes, sir.

Q. Then there is open cars, not motors, one? A. That is an old horse car.

Q. Number of motor cars, 87; car bodies — A. Those are open cars to shift, to put onto the other motors in the summer time.

Q. Fourteen, making a total of 101; now, those car bodies, what are they; with cars, motors, 87; haven't you something there that will tell the cost of one of your ordinary cars here, ready to run?

A. I do not think anyone has that; they buy the motors of one and trucks of another, and the body of another, and the wiring,

Q. Take the car body; give the cost of it? A. I can not do it, because I haven't the bill here.

Q. You can approximate to it, can't you? A. I wouldn't want to guess, because the cost is so different.

Q. Your cars are very similar, all of them? A. Yes; but still they are not all made by one manufacturer.

Mr. Rosendale.—Let me suggest. Did you give us the item of paving. I think we paid \$60,000 or \$70,000 for paving in the last few years.

Mr. Wade.—Yes; but that went into your construction account.

Q. You have got equipment here, \$896,000; I do not see how you get that? A. Those figures I gave, every dollar is cash.

Q. Eight hundred and ninety-six thousand dollars? A. I didn't foot the last.

Q. I subtracted the old equipment account; you gave \$1,042,000; does not that include the stock? A. Yes; that does; these figures that I gave you, made from different accounts, are cash items since I have been with the company; from 1891 to 1895 they did not pay anything with stock.

Q. Very well; that represents \$600,000 and something actual cash; but it seems — A. That large entry with Thompson & Houston was made before I went with the company.

Q. Yes; I understand; there is equipment, \$600,725, that took place prior to the time you went with this company? A. Yes, sir.

Q. You gave the equipment account of 1887, \$146,269.60, did you not? A. Yes, sir.

Q. Now, then, you give me it \$1,042,771.30? A. Yes, sir.

Q. Between October 1st and the present time that has increased \$896,501.70, of which amount \$723,763.91 went on the books after you became bookkeeper, and represented actual cash? A. Seven hundred and twenty-three thousand nine hundred and sixty-six dollars and ninety-one cents was the balance July 1, 1891; that was when I commenced; that was the balance then.

Q. July 1, when? A. Seven hundred and twenty-three thousand nine hundred and sixty-six dollars and ninety-one cents.

Q. I didn't have the dates. A. That Thompson-Houston account is included in the balance.

Q. In 1891, that construction account was \$723,000? A. Yes, sir.

Q. And you have increased it since; \$253,000 since you have been on there; I presume that is so, \$253,000 in cash; but when you come to put \$900,000 of equipment on this road you could cover it from end to end; I understand now; the point I want to get at is the actual cost of construction of a straight mile of track; I do not mean that the actual line be straight, but one mile of track, including the pavement.

Mr. Rosendale.— If you would leave out the pavement I think Mr. Caswell could tell you. No; I don't know as we could, either.

Q. It seems to me, Mr. Caswell, you ought to be able tell us this; assuming, now, that you are building a track through Pearl street, and the street is already paved, and you have got to take up the pavement and relay it; now, what would that cost? A. I could tell you what the rails would cost and the ties would cost, but the item of labor I couldn't tell you.

Q. It may vary the expenses, but approximately you ought to be able to give us substantially the cost of a mile of road; I figured \$5,000 a mile for track; eliminate your pavement and you can do it for less money any day, but your paving, of course, you can not; now, can't you, in connection with the other members of your company, try and figure out the actual cost of road with your kind of rail per mile, with an ordinary amount of special construction, if any is required; I do not expect you to do this with nicety, but this is a question this committee would be very liable to be asked by the Legislature; when we came to Brooklyn there were miles of special construction, frogs and switches continually that was different from your road, and probably from any other road in the State; if you will do that and come in in the morning.

Mr. Rosendale.— I want to be fair about it. Let's get some practical men. We will give it to you as well as we can.

Mr. Wade.—We will understand you are approximating.

Mr. Rosendale.— Subject to revision?

Mr. Wade.— Subject to revision. Then I would like to inquire of the superintendent about the operation of this road very much.

Mr. Rosendale.— In what particular respect?

Mr. Wade.— Everything. Rate of speed, method of collecting fares, transfers, and so forth. Does the road pay any percentage to the city?

Mr. Rosendale.— No, sir. We have to pay a toll in crossing to Troy.

Mr. Wade.—That is a bridge?

Mr. Rosendale.—Yes; private. That is under a lease.

Mr. Wade.—Then I wanted to inquire of your superintendent or general manager, if he was here, about the use of fenders on the road.

Recess until Wednesday, September 4, 1895, at 10 a. m.

Pursuant to adjournment the committee convened at the Assembly parlors, in the city of Albany, Wednesday, September 5, 1895, at 10 a. m.

James Caswell, recalled, testified:

By Mr. Wade:

Q. Mr. Caswell, this contract which you have presented is the one referred to yesterday between your railroad company and the Thompson-Houston Electric Company? A. Yes, sir.

Q. Dated the 30th day of November, 1889; are you able to state whether any of the cars of the company had been purchased by the committee outside of the purchase made by this contract at that time? A. Oh, yes.

Q. That is, I mean, the electric cars? A. Yes, sir.

Q. Were any of the cars transformed into electric cars? A. No, sir.

Q. Now, the contract price for the work and material done and

furnished for the electric company here was \$825,000? A. I have not read this.

Q. Right here it is (paper shown witness); how much of that was in bonds? A. Three hundred and fifty thousand dollars in bonds.

Q. Four hundred and seventy-five thousand dollars of capital stock? A. Yes, sir.

Q. That only left \$225,000 of capital stock of that company; this shows \$475,000 of the capital stock of the railroad company out of the total \$700,000 at that time? A. Yes; the capital stock was \$275,000 before that increase; \$275,000, and then \$475,000.

Q. So that the electric company took the majority of the stock of the company, and it also took a majority of the bonds? A. Yes; at that time I think they did.

Q. Now, at the time you increased the capital stock, were you bookkeeper then? A. No, sir; not when that increase was made.

Q. You were at the last two? A. Yes, sir.

Q. The increase was how much after that? A. Two hundred and fifty thousand dollars twice.

Q. There was one increase before that, was there not? A. No, sir; the capital stock, October 1, 1887, \$275,000; September 15, 1890, it was increased \$475,000, and that went to the Thompson-Houston Company.

Q. When the stock was increased \$250,000 at a time, you stated each stockholder was given the opportunity to purchase a proportionate amount; can you tell me whether, at that time, the Thompson-Houston Company owned any of the stock of the road? A. It did not; it has not owned any of the stock of the company since I have been with the company.

Q. Can you tell me to whom you sold the stock? A. I have never seen the record and I do not know.

Q. You have it, I suppose? A. I presume it is somewhere in the possession of the company.

Q. Who keeps the stock ledger? A. I do; and I have since I have been with the company.

Q. Are you keeping it as it was kept before you came there;

the same system? A. I don't know; I have never seen any of the old stock ledgers at all.

Q. You have a certificate book? A. Yes, sir.

Q. When the Thompson-Houston Company surrendered the certificate it will show to whom it was to? A. Yes, sir.

Q. That I wish you would include in the matters I stated I wished you to bring.

Mr. Rosendale.—All right.

A. That is, I suppose it would.

Q. What was the capital stock of the company worth when you went there? A. That I do not know.

Q. Has there been any sales since you have been with them? A. Yes, sir.

Q. Do you know about them? A. I know from what I have seen in the papers; I have no personal knowledge.

Q. What is published? A. Yes, sir.

Q. About what is it worth? A. It is worth now about \$1.25.

Q. I suppose the payment of dividends for the last two years has given it a better market value? A. I suppose that is the cause of it; I don't know anything about it.

Q. The bonds of the company draw 5 per cent.? A. Some of them.

Q. And some of them more? A. Yes, sir.

Q. Tell me about that; take your first mortgage bonds. A. It is right in the report there.

Mr. Rosendale.—Read it off to the stenographer.

By Mr. Wade:

Q. You can have the report if it is more convenient. A. First, 5 per cent.

Q. That is how much, the amount? A. The amount has been changed.

Q. This will show you first mortgage bonds, due January, 1905, \$34,000. A. It has been changed since that.

Mr. Rosendale.—Give him the aggregate figures now. A. This printed matter is about the same age as that; I don't know what

the changes have been made; some of the bonds have been transferred to consolidated bonds, you know.

By Mr. Wade:

Q. They are in here, \$288,000? A. Yes, sir; first mortgage bonds, \$34,000, has been changed somewhat.

Q. That was what it was in 1894? A. Yes, sir; it may have been changed since then.

Q. Third mortgage, \$28,500, and those are 7 per cent. bonds due last July? A. Yes, sir.

Q. Were they paid or exchanged into something else? A. They were changed into consolidated mortgage bonds.

Q. Then fourth, \$11,500? A. Yes, sir.

Q. Due March 1, 1905? A. Yes, sir.

Q. Six per cent. bonds? A. Yes, sir.

Q. Have those been changed? A. I think none of the fourth have been changed.

Q. Fifth, you have \$38,000 due 1913, 5 per cent. bonds? A. There has been some of those changed, but I can not tell how many.

Q. Then the consolidated mortgage bonds due in 1930, \$388,000 5 per cent. bonds? A. The consolidated now is \$427,500; enough has been transferred to make it that.

Q. Debenture bonds? A. Two hundred and fifty thousand.

Q. Due in 1901? A. Yes, sir.

Q. How were those secured; by a mortgage? A. They have converted them into stock.

Q. It is simply an unsecured obligation of the company—giving option to the holder to change dollar for dollar of the unissued stock—

Mr. Rosendale.—I do not know whether it is entirely the option of the holder, but they are convertible; I do not remember the precise terms, but they are convertible into stock to absorb this \$250,000 authorized but unissued stock.

By Mr. Wade:

Q. Did you charge to construction account the expense of pavement? A. Yes, sir.

Q. And repairs of pavement, what do you charge that to? A. The repairs of pavement goes to operation.

Q. Operating expenses? A. Yes, sir.

Q. Have any of the interest moneys paid been charged to construction account? A. Interests of temporary loans charged to construction.

Q. How about these debenture bonds; did you charge the interest on them to construction account? A. No, sir.

Q. Where does that go? A. To operation.

Q. And if you obtain bank discount you charge that discount in the construction account if the money was obtained for construction purposes? A. Yes, sir.

Q. I now show you a paper dated on the 5th day of February, 1892, and ask you if that is the lease of the Watervliet Turnpike and Railroad Company to your railroad company? A. Yes, sir, a certified copy of it.

Q. What was the amount of the bonded indebtedness of the Waterliet Turnpike and Railroad Company at the time this lease was made? A. The report shows it, I think.

Q. Your company agrees to pay the interest on the first mortgage bonds; that was how much? A. Three hundred and fifty thousand dollars.

Q. And in addition to that, you agree to pay \$1,200 per year which was equal to a dividend of one-half of one per cent. on the par value of the capital stock? A. Yes, sir.

Q. Which capital stock was \$240,000? A. Yes, sir.

Q. How did that company provide for the payment of the interest on its second mortgage bonds, do you know? A. We pay it?

Q. What? A. We pay it.

Q. By the terms of your lease? A. I don't know whether it is included in the lease; we pay the interest on all the bonds.

Lease of the Watervliet Turnpike and Railroad Company to

the Albany Railway, dated February 5, 1892, received and read in evidence, as follows:

This agreement, made and entered into this fifth day of February, in the year of our Lord one thousand eight hundred and ninety-two, between Watervliet Turnpike and Railroad Company, a corporation duly incorporated under and by virtue of the laws of the State of New York, party of the first part, and the Albany Railway, a corporation duly incorporated under and by virtue of the laws of the State of New York, party of the second part:

Whereas, The Watervliet Turnpike and Railroad Company and The Albany Railway, corporations organized under the laws of the State of New York, have contracted together for the use of the roadway and appurtenances of the said Watervliet Turnpike and Railroad Company by the Albany Railway for a period of nine hundred and ninety-nine years; and

Whereas, The Albany Railroad, in consideration of the use of the roadway of the Watervliet Turnpike and Railroad Company and of the transfer to it of the appurtenances, articles and things hereinafter more particularly specified, has agreed to pay a certain rental therefor and to pay the interest upon the first mortgage bonds of the Watervliet Turnpike and Railroad Company, and the interest and principal of the second mortgage bonds of the Watervliet Turnpike and Railroad Company, and to keep and observe the other various provisions and obligations contained in the first and second mortgages upon the road, appurtenances and fixtures of the Watervliet Turnpike and Railroad Company, and in the bonds to which they are collateral.

Now, therefore, this indenture witnesseth, That the said party of the first part, for and in consideration of the premises and of the sum of ten dollars, lawful money of the United States of America paid, the receipt whereof is hereby confessed and acknowledged, and of the covenants and agreements hereinafter made by the said party of the second part, has leased, and by these presents doth lease, unto the said party of the second part, and to its successors and assigns, and the said party of the second part has hired and taken from the party of the first part, for the term

of nine hundred and ninety-nine years, all and singular, the railroad and turnpike bed and right of way used, owned or controlled by the said party of the first part as turnpike and railroad company, and, also, all rails, tracks, ties, switches and turnouts, or sidetracks, poles, wires and over-head construction which are, or may be hereafter, located thereon, and all right of way, railroad tracks, rails, switches, tenements, sewers, gutters, bridges, culverts or other structures, including depots, power-house, stables, toll-gates built or which may hereafter be erected or constructed, either in or upon any of the streets of Albany, West Troy and Troy, or from West Troy to Albany, or elsewhere in the County of Albany or Rensselaer, together with all the cars, rolling stock, horses and stable equipment of every kind, name and nature; and, also, all corporate franchises and rights belonging to the said party of the first part, and all real estate lying and being within the county of Albany or Rensselaer aforesaid, and now used, owned, possessed or enjoyed by the said party of the first part, with the appurtenances and all the estate, title or interest of the said party of the first part therein;

To have and to hold the aforesaid premises, franchises and property, with all the appendages and appurtenances, reversions, remainder, rents, issues and profits thereof, and all the legal and equitable estate and interest of the party of the first part therein to the party of the second part, its successor or successors, for the full term and period aforesaid, and until the final completion and end thereof, subject always to the fulfillment and due execution of the several covenants and obligations herein mentioned, made and undertaken by the party of the second part.

And the said party of the second part covenants and agrees that it shall and will pay to the party of the first part, for the use of its said roadway and appurtenances and the fixtures and things herein more particularly above specified, the sum of twelve hundred dollars, payable annually on the first of February, in each year, said amount being equal to a dividend of one-half of one per cent. upon the face or par value of the stock of said Watervliet Turnpike and Railroad Company;

That it, the said party of the second part, will also, and does hereby, guarantee the payment of the interest accrued, and hereafter to accrue and become due upon the first mortgage bonds of the part of the first part, and will further, upon presentation of such bonds, at any time after the approval of this contract by the stockholders of the respective companies, indorse thereon and upon each bond presented to it for that purpose, a guaranty to be signed by its president and treasurer, and to which the corporate seal of the party of the second part shall be affixed, which guaranty shall be in the following form:

“For value received, the Albany Railway hereby agrees with the holder, for the time being, of the within bond, to pay to such holder, the coupons attached thereto and secured to be paid thereby as they respectively become due under the terms thereof.

“In witness whereof, the Albany Railway has caused these presents to be subscribed by its president and treasurer, and its corporate seal to be attached hereto the 16th day of March, 1892.”

And that it, the said party of the second part, will also guarantee, and does hereby guarantee, the payment of the principal and interest accrued and hereafter to accrue and become due upon the second mortgage bonds of the party of the first part, and will further, upon presentation of such bonds, at any time after the approval of this contract by the stockholders of the respective companies, indorse thereon, and upon each bond presented for that purpose, a guaranty, to be signed by its president and treasurer, and to which the corporate seal of the party of the second part shall be affixed and which guaranty shall be in the following form:

“For value, received, the Albany Railway hereby agrees with the holder, for the time being, of the within bond, to pay to such holder the coupons attached to this bond, and also the principal secured to be paid thereby, as they respectively become due under the terms thereof.

“In witness whereof, the Albany Railway has caused these presents to be subscribed by its president and treasurer, and its

corporate seal to be attached hereto, this 16th day of March, 1892."

And that in respect to the various provisions of the first and second mortgage bonds of the party of the first part, and the mortgages which are collateral thereto, other than those relating to the payment of the principal and interest moneys secured to be paid thereby, it will keep and observe and carry out the same.

And the party of the second part further covenants and agrees to discharge, or cause to be satisfied and discharged all the rents, taxes and assessments (the deposit with the Metropolitan Trust Company of New York to meet the assessments for Broadway pavement and sewers in Albany to enure to the payment thereof), which may, at any time, become due and payable, or which may hereafter at any time become a lien upon the railway, goods and chattels, real estate or other property hereinbefore described or mentioned, or intended to be conveyed, or upon any part or portion thereof, or upon any property at any time belonging to the railway company, and held under the provisions hereof by it, whenever they become due and payable; and, also, to keep or cause to be kept, the said railway, together with its tracks, cars and other property covered by this lease, in good and sufficient repair and condition, and at all times sufficiently equipped and in good order for public use.

That it will at all times keep up and maintain an equipment and motive power for use upon said road and for the transportation of passengers thereover, which, in efficiency, service and economy of use shall be at least equal to the present equipment and all additions, substitutions, alterations and repairs made to said road, or to the equipment thereof, shall be and constitute and become a part of the demised premises and appurtenances and fixtures covered by the terms of this lease.

And the party of the second part further covenants and agrees to assume the defense of all suits and actions and proceedings at law or in equity, now pending and existing, or which may hereafter be brought against the part of the first part, the Waterliet Turnpike and Railroad Company, and to pay and com-

promise any recovery, damages, cost and allowances which may be made, had or suffered therein, and to fully indemnify and save harmless the party of the first part from all liability or loss in respect thereto, except that the party to pay any damages which may be recovered or awarded against the party of the first part in an action now pending in which the Hudson River Telephone Company is plaintiff and the party of the first part is defendant, or in any proceedings which may be taken in consequence of any judgment which may be entered therein, but neither such recovery or award, nor the enforcement thereof, shall operate to terminate this lease, or to relieve the party of the second part from its obligation thereunder.

And the party of the second part further covenants and agrees that it will assume the present existing indebtedness of the party of the first part, and will pay the same, and will, and does, hereby indemnify it and save it harmless from all further liability in respect thereto.

It is the purpose of these presents that the provisions hereof relating to the mortgage bonds and the mortgages upon the demised premises, and the preservation and repair of the demised premises, shall enure to the benefit of and be enforceable by the trustees of the respective mortgages.

And it is further agreed that in case of the failure of the said party of the second part, its successors, under-tenants or assigns, to keep and fulfill any of the agreements or conditions aforesaid on its or their part, this lease and the terms hereby granted shall (at the option of the said party of the first part, its successors or assigns) cease and determine, and the said party of the first part, its successors and assigns, shall be at liberty to re-enter upon the said demised premises, and repossess the same as in its and their former estate, without any notice of previous re-entry, which notice is hereby expressly waived.

In witness whereof, the parties hereto have caused their respective corporate seals to be hereunto attached and these presents to be executed by their directors the day and year first above written.

Sealed and delivered in presence of Cantine Tremper, attesting witness to the signatures of the directors of the Watervliet Turnpike and Railroad Company.

WILLIAM BAYARD VAN RENSSELAER,
JAMES B. JERMAIN,
J. HOWARD KING,
THOMAS A. KNICKERBOCKER,
ANTHONY N. BRADY,
J. W. TILLINGHAST,
LEDYARD COGSWELL,
JOHN J. ACKER,
CHARLES NEWMAN,

Directors of the Watervliet Turnpike and Railroad Company.

ANTHONY N. BRADY,
A. BLEECKER BANKS,
ANDREW S. DRAPER,
JAMES H. MANNING,
WM. McEWAN,
JOHN G. MYERS,
JAMES ROONEY,
S. W. ROSENDALE,
E. SWEET,
J. I. WENDELL,
JOHN W. McNAMARA,
JAMES McCREDIE,
ROBERT C. PRUYN,

Directors of the Albany Railway.

STATE OF NEW YORK,
CITY AND COUNTY OF ALBANY, } 88.:

On this 5th day of February, 1892, before me personally appeared William Bayard Van Rensselaer, James B. Jermain, J. Howard King, Thomas A. Knickerbocker, Anthony N. Brady, J. W. Tillinghast, Ledyard Cogswell, John J. Acker, Charles Newman, directors of the Watervliet Turnpike and Railroad Com-

pany, to me known and known to be the same persons described in and who executed the within lease, and they severally acknowledged that they executed the same.

CANTINE TREMPER,

Notary Public, Albany County, N. Y.

STATE OF NEW YORK, }
CITY AND COUNTY OF ALBANY, } ss.

On the 5th day of February, 1892, before me personally appeared Cantine Tremper, to me known and known to me to be the same person described in and who attested as a subscribing witness thereto the foregoing instrument, and acknowledged that he had so attested the same, and being by me duly sworn, did depose and says that he resides in the city of Albany, N. Y.; that he is treasurer of the Watervliet Turnpike and Railroad Company that he knows the corporate seal of the said company, and that the seal affixed to said instrument as such attesting witness, by authority of the board of directors of said Watervliet Turnpike and Railroad Company, and pursuant to a resolution duly passed by the board at a regularly called meeting thereof.

WM. JOHNSON,

Notary Public, Albany County, N. Y.

STATE OF NEW YORK, }
CITY AND COUNTY OF ALBANY, } ss.

On this 11th day of February, 1892, before me personally appeared Anthony N. Brady, A. Bleecker Banks, Andrew S. Draper, James H. Manning, William McEwan, John G. Myers, James Rooney, S. W. Rosendale, E. Sweet, J. I. Wendell, John W. McNamara, James McCredie, to me known and known to me to be the same persons described in and who executed the within lease, and they severally acknowledged that they executed the same.

WALTER L. CHILDS,

Notary Public, Albany County, N. Y.

STATE OF NEW YORK,
CITY AND COUNTY OF ALBANY, } ss.:

On the 11th day of February, 1892, before me personally appeared John W. McNamara, to me known and known to me to be the person described in the foregoing instrument, and being by me duly sworn, did depose and say that he resides in the city of Albany, N. Y.; that he is treasurer of the Albany Railway; that he knows the corporate seal of the said Albany Railway, and that the seal affixed to said instrument is such corporate seal, and that he affixed the said seal and subscribed his name to said instrument by authority of the board of directors of said the Albany Railway, and pursuant to a resolution duly passed by the said board at a regularly called meeting thereof.

WALTER L. CHILDS,
Notary Public, Albany County, N. Y.

STATE OF NEW YORK,
CITY AND COUNTY OF ALBANY, } ss.:

On the 12th day of March, 1892, before me personally appeared Robert C. Pruyn, to me known and known to me to be the same person described in and who executed the within lease and acknowledged that he executed the same.

JOEL RATHBONE,
Notary Public.

I, Cantine Tremper, secretary of the Watervliet Turnpike and Railroad Company, do hereby certify that the within lease has been approved by a vote of the stockholders of the Watervliet Turnpike and Railroad Company, owning more than two-thirds of the stock of such corporation, at a meeting of said stockholders, held March 15, 1892, at 12 o'clock, noon, duly called for that purpose upon notice, stating the time, place and object of the meeting, which was served 30 days previous to said meeting, upon each stockholder of the Watervliet Turnpike and Railroad Company, by depositing the same in the post-office at the city of Albany, in a securely closed post-paid envelope, addressed, one

such envelope enclosing such a notice, to each such stockholder at his post-office address, which notice was also published once a week for four weeks successively, in the Argus, a newspaper printed in the city of Albany, county of Albany, and State of New York, which is the city in which such corporation has its principal office.

In witness whereof I have signed this certificate and affixed hereto the corporate seal of the Watervliet Turnpike and Railroad Company.

CANTINE TREMPER,

Secretary Watervliet Turnpike and Railroad Company.

STATE OF NEW YORK,
CITY AND COUNTY OF ALBANY, } ss.:

On the 15th day of March, 1892, before me personally appeared Cantine Tremper, secretary of the Watervliet Turnpike and Railroad Company, to me known and known to me to be the person described in and who signed the foregoing instrument as such secretary, as aforesaid, and being by me duly sworn, did depose and say that he resides in the city of Albany; that he is secretary of the Watervliet Turnpike and Railroad Company; that he knows the corporate seal of the said company and that the seal affixed to said instrument is such corporate seal, and that he affixed the said seal to said instrument.

WILLIAM B. PHIPPS,

Notary Public, Albany County, N. Y.

I, James McCredie, secretary of the Albany Railway, do hereby certify that the within lease has been approved by a vote of the stockholders of the Albany Railway, owning more than two-thirds of the stock of such corporation, at a meeting of said stockholders held March 15, 1892, at 12 o'clock, noon, duly called for that purpose, upon notice, stating the time, place and object of the meeting, which was served 30 days previous to said meeting upon each stockholder of the Albany Railway, by depositing the same in the post-office at the city of Albany, in a securely closed

post-paid envelope, addressed, one such envelope inclosing such notice, to each such stockholder at his post-office address, which notice was also published once a week for four weeks successively in the Argus, a newspaper printed in the city of Albany, county of Albany, and State of New York, which is the city in which such corporation had its principal office.

In witness whereof, I have signed this certificate and affixed hereto the corporate seal of the Albany Railway.

STATE OF NEW YORK,
CITY AND COUNTY OF ALBANY, } ss.:

On the 15th of March, 1892, before me personally appeared James McCredie, secretary of the Albany Railway, to me known and known to me to be the person described in and who signed the foregoing instrument, and acknowledged that he executed the foregoing instrument as such secretary, as aforesaid, and being by me duly sworn, did depose and say, that he resides in the city of Albany that he is secretary of the Albany Railway that he knows the corporate seal of said railway, and that the seal affixed to said instrument is such corporate seal, and that he affixed the said seal to said instrument.

L. H. HENDRICKS,
Notary Public, Albany County, N. Y.

STATE OF NEW YORK,
CITY AND COUNTY OF ALBANY, } ss.:

I have compared the preceding with the lease of the Watervliet Turnpike and Railroad Company to the Albany Railway, filed in this office on the 19th day of March, 1892, and I do hereby certify the same to be a correct transcript therefrom and of the whole thereof.

Witness my hand and seal of office of the Secretary of State, at the city of Albany, this 19th day of March, 1892.

FRANK RICE,
Secretary of State.

STATE OF NEW YORK,
 OFFICE OF THE SECRETARY OF STATE, } ss.:
 CLERK'S OFFICE.

I, Ansel C. Requa, clerk of the said city and county, and also clerk of the Supreme and County Courts, being courts of record, held therein, do hereby certify that I have compared the annexed copy lease with the original thereof, filed in this office on the 19th day of March, 1892, and that the same is a correct transcript therefrom and of the whole of said original.

In testimony whereof I have hereunto set my hand and affixed my official seal this 19th day of March, 1892.

A. C. REQUA,

Clerk.

Indorsed: Watervliet Turnpike and Railroad Company to the Albany Railway. Dated February 5, 1892. (Copy.)

STATE OF NEW YORK, OFFICE OF SECRETARY OF STATE.

Filed March 19, 1892.

TH. E. BENEDICT,

Deputy Secretary of State.

Agreement received and read in evidence, dated November 30, 1889, between the Thompson-Houston Electric Company and the Albany Railway, as follows:

This agreement, made this 30th day of November, 1889, by and between the Thompson-Houston Electric Company, of Boston, Mass., a corporation duly established under the laws of the State of Connecticut, hereinafter called the "Electric Company," and the Albany Railway, a corporation duly established under the laws of the State of New York, and located at Albany, in said State, hereinafter called the "Railway Company."

Witnesseth, as follows: Whereas, The railway company has already constructed several lines of street railways in said city; known as the State Street line, extending from Broadway in the said city of Albany to the village or hamlet called West Albany;

the Pearl Street line, extending from Van Woert street to the village or hamlet called Kenwood; the Clinton Avenue line, extending from the corner of North Pearl street and Clinton avenue to Lexington avenue; the Hamilton Street line, extending from the corner of Beaver and South Pearl streets, through Beaver, Grand, Plain, Philip, Hamilton, Lark and Madison avenue, to Partridge street; and the Lark Street line, operated over the tracks of the State Street line from Broadway to Lark street, thence through Lark street to Madison avenue, thence over the tracks of the Hamilton Street line on Madison avenue to Partridge, and thence to Allen street; and a branch known as the Quail Street branch, extending from Central Avenue to Madison avenue; the tracks of said several lines being about seven miles of single track and four miles of double track, the maximum grade of which does not at any point exceed 9 per cent.; and,

Whereas, The railway company desires to have said road equipped with 32 cars for operation by electrical power, supplied by apparatus of the Thompson-Houston system, the electrical current to be delivered at the cars by means of a single overhead line or conductor; and,

Whereas, The electric company is ready to undertake the equipment of said road with electrical apparatus of its system, upon the terms and conditions hereinafter stated;

Now, therefore, in consideration of the mutual covenants and agreements herein contained, to be kept and performed by the parties hereto, respectively, it is hereby mutually covenanted and agreed as follows:

Article 1. The electric company agrees to furnish and deliver to the railway company, and place in readiness for operation in a suitable power station to be provided by the railway company, six dynamo electric generators, having an aggregate capacity of 480 horse-power, said dynamos to be placed on good and solid foundations, to be erected by the electric company; also to furnish and place in proper electrical connection with said generators such lightning arresters, double-pole switches, cut-outs and other electrical appliances as may be necessary to make complete the

electrical equipment of the power station for the purpose of operating the road when equipped with electric cars, motors, generators and overhead line, as herein specified; and to furnish and deliver to the railway company 25 cars of the same length (not exceeding 16 feet) and general dimensions as the electric cars furnished by the Gilbert Manufacturing Company to the Troy and Lansingburgh Railroad Company, said cars, however, to be finished in the same style as the cars furnished by said Gilbert Car Manufacturing Company to the Squirrel Hill road, of Pittsburg, Pa., all of said cars to be placed on what is known as the Manier truck, which trucks are to be equipped with Meneely roller bearings; and each of said trucks is to be equipped with two electric motors of the electric company's manufacture, having an aggregate capacity of 30 horse-power, and all the necessary gears, reversing switches, controlling devices, lightning arresters, and all other electrical and mechanical appliances, articles and things necessary for the complete electrical and mechanical equipment of said trucks and the cars placed thereon; each of said trucks is to be equipped with the brakes usually placed on said Manier truck, and also with a supplemental brake of the style known as the slipper or track brake. The electric company shall also furnish seven additional trucks of the description aforesaid and equipped as above provided, making 32 motor trucks in all; but the railway company shall furnish the car bodies and fittings for said seven trucks, the electric company to wire said car bodies and attach the same to the trucks. The electric company shall and will also furnish and attach to each of said cars and place in proper electrical connection with the overhead line five incandescent lamps of 16 candle-power each, to light the car; and furnish and place in the power station of the railway company 50 incandescent electric lights to light the same, constructing and placing in proper connection with the lamps the necessary auxiliary lighting circuit.

Article 2. The electric company agrees to construct in a thorough, substantial and workmanlike manner, the overhead line, consisting of a single conductor of copper wire for each track, insulated copper feeder wire, steel poles of the form designed by

the Hilton Bridge Company for the railway company, and all insulators, electrical switches, turnouts, ears, anchor plates and other electrical and mechanical devices, articles and things essential for the proper construction of an overhead line of the Thompson-Houston single-trolley system for operating and lighting by means of electricity the cars specified herein. The electric company shall also construct a suitable line for connecting said overhead line with the generators hereinbefore mentioned, so that the current therefrom may be properly delivered on said overhead line. The rails of the road are to be employed to complete the electric circuit, and all necessary connections of the rails in order to make the circuit complete and effective in the operation of the road are to be made by the electric company.

Article 3. All the labor required to make the electrical connections at the power station and to connect the power station with the electrical lines, and generally to install the electrical plant, including the attaching of motors and trucks to the cars and the placing of said cars in connection with the overhead line in readiness for operation, is to be done by the electric company, under the supervision of a competent electric expert supplied by and at the expense of the electric company.

Article 4. Upon the completion of the electrical equipment herein contracted for, said cars shall be operated by the railway company for a period of ninety days; the electric company during that time to furnish electrical experts to instruct the employes of the railway company in the proper operation of the electrical apparatus; but the railway company, as the party operating the road, shall have and enjoy all the traffic receipts and pay all the operating expenses. The salaries, not to exceed \$5 per day, per man, of the electrical experts furnished under this article, shall be considered a part of the operating expenses, and to be paid by the railway company. The railway company hereby agrees, during the said period of ninety days, to give the electrical equipment a fair and thorough trial, operating the same under the supervision of said electrical experts, and at all times until the equipment is accepted and paid for, to comply with the rules

and regulations furnished by the electrical company for the operation of its system of railway equipment; and until that time the electrical company shall always be allowed to have free access to said road and to every part of its equipment, and to make such repairs, alterations and changes in the electrical apparatus furnished as it may deem proper or calculated to increase the efficiency of its operation.

Article 5. During said trial period all parts of the electrical equipment which are consumed by ordinary wear and tear, such as brushes, fuses, lamps, etc., shall be replaced and renewed at the expense of the railway company, as well as such electrical parts and apparatus as are destroyed or injured by the negligence or carelessness of the railway employes; such renewals being properly chargeable against the operating expenses; but all alterations and changes made or required in order to perfect the construction or working of the equipment, so that the same shall fulfill the requirements of this contract in respect to good construction and successful operation, shall be made at the expense of the electric company.

Article 6. The electric company further agrees to furnish and place in position in the power house, 5 Babcock & Wilcox boilers of 125-horse power each; 3 compound, condensing McIntosh & Seymour engines each of 200-horse power; 1 iron stack or chimney for the batteries of boilers, said stack or chimney to be 6 feet in diameter and 100 feet high. Also to furnish and place in position all the steam-pipes and other pipes and fittings necessary to connect said boilers and engines; also to furnish and lay from the Island creek to the power house of the railway company a 10-inch water pipe with foot valve and all necessary connections for the purpose of raising water from said island creek to the said power house; also to construct and make, furnishing all the material necessary therefor, all foundations, wells or other excavations necessary for the proper setting of the aforesaid engines, boilers and the appliances connected therewith; also to furnish all material and labor necessary to properly prepare car pits and tracks for that part of the power house of the

railway company which it is intended to use as a car house and repair shop; also to assume the contract made by the railway company with the Metallic Street Railway Company for the relaying of track on Central avenue, from Knox street to Partridge street, being about 6,500 feet of single track, work under said contract now being in progress. All the aforesaid engines, boilers, stacks, chimneys, condensers, pumps and connections above specified, are to be furnished and placed in position by the electric company, so that the power house may be complete and ready for occupation, and so that the aforesaid engines may be connected with and ready to operate the generators hereinbefore mentioned, on or before the first day of January, 1890.* And the tracks hereinbefore described are to be laid on or before the first day of November, 1890.

Article 7. If, at the expiration of said trial period, said electrical equipment shall be found to operate successfully, the railway company agrees to accept the same and pay therefor, together with the boilers, engines and other things specified in the article next preceding (Article 6) the sum of eight hundred and twenty-five thousand (\$825,000) dollars, which the electric company agrees to accept in full payment and satisfaction, not only for the apparatus, materials and supplies furnished, in pursuance of the foregoing articles of this contract, but also for all labor and construction work that may have been done and furnished by the electric company under this contract, except as hereinbefore provided. The said amount of eight hundred and twenty-five thousand (\$825,000) dollars shall be paid in cash on the acceptance of the plant and the transfer thereof to the railway company; or in four hundred and seventy-five thousand dollars (\$475,000) of the capital stock of the railway company out of a total of seven hundred and fifty thousand dollars (\$750,000); and three hundred and fifty thousand dollars (\$350,000) of consolidated mortgage bonds of the railway company, the whole issue of said bonds, under said consolidated mortgage, not to exceed five hundred thousand dollars (\$500,000), and to bear interest at 5 per

cent. per annum, to run forty years, and interest and principal to be payable in gold.

Article 8. It is hereby mutually understood and agreed that the parties hereto shall have all the work herein required to be done by them respectively, completed so that at least 10 cars may be in operation over the aforesaid State Street line of the said railway company on or before the 15th of January, 1890. Payment for the steam plant and connections specified in Article 6 shall be made from time to time, as the same is installed, by the issuing and delivering to the electric company of a fair proportional part of the said total amount of stock and bonds, without regard to the progress made in the installation of the electrical apparatus or equipment, or to the acceptance thereof by the railway company; and payment shall, in like manner, be made of the amount to which the electric company shall be entitled by reason of assuming said contract for relaying said track on Central avenue from Knox street to Partridge street.

Article 9. The railway company hereby agrees to obtain, and to secure uninterrupted use of, all rights of way, easements, permits or franchises, or by an injunction or order of court in relation maintaining said poles, lines and wires, and for the operation of said cars over said road, by the means and in the manner herein contemplated, and so that the parties hereto respectively shall have full and free facilities for performing this contract; and it is hereby agreed that any and all delays, caused by a failure to obtain or secure such use of said rights of way, easements, permits or franchises, or by any injunction or order of court in relation to the construction, equipment or operation of said railway, so far as said order or injunction may interfere with the work herein required to be done by the electric company, shall be added to the time herein provided for the completion of the work on its part. In case such work is so delayed, the railway company agrees to make a payment or payments, on account, covering substantially the portion or portions of the work at the time completed, provided the same is in condition for successful operation.

Article 10. In consideration of the purchase of the several ar-

titles and apparatus mentioned in this contract by the railway company from the electric company, and the payment of the aforesaid sum of \$825,000, the electric company hereby guarantees and agrees that the repairs and renewals to motors, car wheels, axles, and trolleys, and the labor necessary to properly clean and lubricate said motors, trolleys and all the apparatus and devices embraced in the electrical equipments in or upon the cars, shall not exceed the sum of $2\frac{1}{2}$ cents per car mile, as shown by the books of the railway company; repairs, renewals and other expenses due to strikes, riots and other extraordinary causes, excepted; provided, however, that the railway company shall at all times maintain the road-bed and track in first-class condition, and keep the rails even and in substantial contact, and shall use reasonable economy and diligence in the maintenance and operation of said railway and equipments. And all sums in excess of $2\frac{1}{2}$ cents per car mile which it may be necessary for the railway company, within the scope of this guaranty, to pay for labor, and all material necessary for repairs and renewals to motors, car wheels axles and trolleys, and for the labor of properly cleaning and lubricating said motors, trolleys, and all the apparatus and devices embraced in the electrical equipments in or upon said cars, shall be paid quarterly by the electric company to the railway company for the period of six years after the acceptance of the electrical equipment by the railway company. The foregoing guaranty and agreement, however, shall cease at the end of two years if the cost of the aforesaid repairs and renewals for the two years after acceptance as aforesaid do not exceed the sum of $2\frac{1}{2}$ cents per car mile, and in that event the electric company shall not be held to any guaranty or agreement with reference to the cost of repairs and renewals or otherwise in connection with the operation of the road from that time forward. Said books of the railroad company shall be kept with such detail as will show accurately the items entering into the cost of said repairs, renewals, and the labor aforesaid, and in such form as shall be approved by

the general manager of the railway department of the electric company.

Article 11. In consideration of the purchase and payment mentioned in the preceding article, the Electric Company further guarantees, that the cars equipped by it as herein provided, will run the schedule trips on the aforesaid State street line, on the heaviest grades on said line, and on the heaviest grades of the other lines, at the rate of five miles per hour, without injury to the machinery or any of the electrical apparatus or appliances on said cars, other than reasonable wear and tear.

Article 12. In consideration of the purchase and payment mentioned in the preceding articles the electric company agrees to use its best efforts to procure the dissolution of any injunction or injunctions which may be obtained against the railway company by reason of any alleged infringement of patented devices of the kind described in this article, at its own expense, and if any feeder wire, trolley wire, supplemental wire or any electrical apparatus or devices manufactured by the electrical company and furnished the railway company as a part of the electrical construction or equipment under this contract is declared to be an infringement, the electric company will cause other apparatus or devices to be substituted therefor at the expense of the electric company. And the electric company hereby agrees to supply, in addition to the apparatus hereinbefore mentioned, such spare parts as are usually furnished with such an installation as that herein described; and the electric company further agrees to furnish all supplies and renewals of apparatus or parts thereof to the railway company at the same rate or a less rate than that charged at the time of said installation.

Article 13. In case it shall be found necessary for any reason to employ a larger motor than the fifteen horse-power motors herein mentioned, the electric company will supply twenty horse-power motors in exchange for fifteen horse-power motors, at the same discount as that given on original purchase. But in case it shall be found necessary to employ motors of greater horse power than

fifteen horse power for the purpose of ascending the heaviest grades of the railway company's lines at the rate of five miles per hour, then, and in that event the electric company hereby agrees to exchange the fifteen horse-power motors for twenty horse-power motors and place them in working order upon the cars of the railway company without expense to the railway company.

Article 14. In consideration of the purchase and payment hereinbefore referred to, the electric company hereby agrees to furnish all improvements which may be made to the electrical or mechanical apparatus, articles or things, or improvements acquired, purchased or controlled by the electric company, at the same or lower rate than that charged for similar apparatus or appliances at the time of said installation.

Article 15. Until the apparatus, materials and supplies furnished hereunder by the electric company are accepted and paid for in accordance with the foregoing terms, the same shall be and remain the property of the electric company; and the railway company hereby covenants and agrees that it will keep all the insurable plant and property so furnished by the electric company insured at the railway company's own expense in such amount or amounts as may reasonably protect the same, such insurance being effected in the name of and for the benefit of the electric company, and the insurance money made payable, in case of loss, to the electric company, but upon the acceptance of the equipment and the payment therefor, the electric company agrees to assign and transfer said insurance to the railway company.

Article 16. Upon the acceptance of said equipment and the transfer thereof to the railway company, each party hereto agrees to execute a contract and license, a copy whereof is hereto annexed, marked M.

In witness whereof said Thompson-Houston Company has caused these presents to be signed in its name and behalf, and its corporate seal to be hereto affixed by Eugene Griffin, its general manager railway department, and said, the Albany Railway, has caused the same to be signed in its name and behalf, and its corpor-

ate seal to be hereto affixed, by John W. McNamara, its president, hereunto duly authorized, the day and year first above written.

[Seal.] THOMPSON-HOUSTON ELECTRIC COMPANY.

EUGENE GRIFFIN,

General Manager Railway Department.

THE ALBANY RAILWAY.

By JOHN W. McNAMARA,

President.

M.

CONTRACT AND LICENSE.

1. The Albany Railway, a corporation duly established under the laws of the State of New York, hereinafter called the licensee, having this day bought of the Thompson-Houston Electric Company, a corporation existing under the laws of Connecticut, hereinafter called the licensor, certain dynamo electric generators and certain electric motors, each to be used in connection therewith for the purpose of running cars by electrical power on the railroad operated by the licensee in the city of Albany, and towns of Bethlehem and Watervliet, including any extensions of said railroad and connecting lines over which it may be permitted to run its cars, but on no other railroad or railroads, is hereby licensed by the said Thompson-Houston Electric Company under its letters patent to use the said generator and motors for operating cars by electricity on said railroad and extensions thereof, including such connecting lines, and for furnishing light and power in the prosecution of the licensee's railway business.

2. And said licensee having also this day purchased of the licensor, for use in connection with said apparatus, certain switches, trolleys, insulators and contact devices for putting and keeping each motor, when in use on a car, in electrical connection with the conductor from the generator, and for controlling the direction and rapidity of rotation of the armature, and certain other patented attachments and devices which are comprised in the electrical equipment furnished said licensee for the operation

of its road by electricity, said licensee is hereby further licensed by the licensor under its letters patent to use said switches, trolleys and insulators, contact devices, and all said attachments and devices for the purposes herein stated in relation to said generator and motors, and under the same restrictions that are herein set forth.

3. Said licensee hereby covenants and agrees that it will not violate or infringe the patents under which it is hereby licensed, or any of them, or contest or question the validity of the same, or the title of the licensor thereto.

4. Said licensee agrees further, not to deface or remove, any marks or attachments placed on said generator, motor, and other apparatus and devices aforesaid by said licensor; and that any further or additional generators, motors or other electrical apparatus and devices for use in operating cars by electricity or furnishing light and power, which may be acquired by said licensee from said licensor shall be subject to and come under the operation of this license in the same manner and to the same extent as if this day purchased of the licensor and included and specified in this instrument.

5. It is understood and agreed that in case any suits are brought against said licensee for any alleged infringements of letters patent by the use of any of the above described apparatus for operating cars by electricity, said suits shall be managed and controlled by the licensor at its sole expense; but said licensee agrees that it will do all in its power to aid said licensor in the management of said suits, and will always and immediately notify said licensor of the service of each and every process on said licensee, both at the commencement and in the course of said suits, and likewise notify the licensor of any action taken by the plaintiffs or complainants therein; and said licensor agrees, provided such notice be given so that it (said licensor) has full opportunity to manage and defend said suits, to pay any and all sums that said licensee shall be adjudged or decreed to pay therein as damages, profits or costs of suit.

In witness whereof, said Thompson-Houston Electric Company, and said, The Albany Railway, have caused these presents to be signed and sealed this 30th day of November, 1889.

[Seal.] THOMPSON-HOUSTON ELECTRIC COMPANY.

EUGENE GRIFFIN,

General Manager Railway Department.

THE ALBANY RAILWAY.

By JOHN W. McNAMARA,

President.

Mr. Caswell, being recalled, and duly sworn, testified as follows:

By Mr. Wade:

A. We figure a mile of track will cost \$11,477.48, including overhead construction and all.

Q. That is single track? A. Yes, sir.

Q. Do you charge off anything there for the old track? A. Yes, sir; what we sell out of the old track we credit to construction account.

Q. I mean your figures? A. No, sir, that is just what the matter cost, and labor.

Q. How much less would it cost if there were no old track to remove? A. I do not know; the taking up of the old track is quite a good deal.

Q. How do you get your \$11,000? A. The track, the rails, and the tie rods and bolts and plates and nuts cost \$4,239.84.

Q. That is a girder? A. That is a nine-inch girder rail.

Q. The most expensive rail in use? A. Yes, sir; 90 pounds to the yard; and the cartage on the rail is \$133; ties and cartage on the ties, \$992; the labor we figure at 40 cents a foot; labor, \$2,112; and the overhead construction, \$4,000; that is the wire overhead and car wires and poles and trolley wire and feed wire.

Q. What kind of poles do you figure on? A. Channel poles such as we use in the street; a steel pole, I think; they cost \$20 apiece, the small ones, and the large ones \$21.

Q. When did you get your price on that? A. On the poles?

Q. Yes, sir. A. That is what we paid for the last we got, about a year ago, I think; this is straight track, no curves.

Q. That is what I told you, no special construction; how much have you got in there for labor? A. Two thousand one hundred and twelve dollars; the labor of taking up the old track and putting down the new.

Q. And repaving it? A. Yes, sir; we have to dig a canal out the whole length; I think it goes down 20 inches easy enough.

Q. You have got 30 miles, all told? A. Yes, sir.

Q. Eleven thousand four hundred and seventy-seven dollars? A. Yes, sir.

By Mr. Rosendale:

Q. How often, to your knowledge, has this road been reconstructed? A. I think fully three times.

Q. From one end to the other? A. Yes, sir.

Q. Much of it oftener than that? A. Yes, sir.

By Mr. Wade:

Q. I will fix that right here now so that it will not make any confusion hereafter; your entire roadbed, then, with overhead construction on that figure, would cost, \$390,000? A. If that is what it amounts to.

Q. Yes, sir, \$390,000; but you have on your books a construction account as you gave it yesterday, I don't remember the exact figures. A. Yes, but that construction includes the building construction and everything that went into buildings since 1863, stables and power house, and so forth.

Q. What is your present construction account on your books? A. I have not the figures now.

(Witness and counsel each examine the report of Railroad Commissioners for 1894.).

Q. The difference between the amount as charged on your books to construction account and what the road would actually cost to build it to-day arises from the fact that construction account has

been receiving all the charges for construction since the road was first built? A. Yes, sir.

Q. And you have no system of charging off from year to year? A. No, sir.

Q. Anything on construction account? A. No, sir, except what has been sold.

Q. Yes, I know; but for depreciation? A. No, sir, not for depreciation.

Q. Do not you think they ought to? A. That is something I do not know; I have heard it argued both ways.

Q. Now, have you the cost of equipment? A. I have not it here; I gave it yesterday.

Q. I know it, but that stands precisely in the same situation on your books? A. Yes, sir.

Q. There has been charged to equipment on your books all that has been paid on that account since the organization of the company? A. Yes, sir; and credited with whatever has been sold.

Q. On that account you have not charged off anything for depreciation? A. No, sir.

Q. How rapidly do the cars depreciate? A. I could not tell you.

Q. Do you know how rapidly the machinery deteriorates? A. No, sir; not so rapidly now as formerly.

Q. I do not know of anything more I care to ask you this morning, but I shall desire to ask the people who operate this road something about it.

Charles H. Smith, called and sworn, testified:

By Mr. Wade:

Q. You reside in Troy? A. Lansingburgh.

Q. Your business is what? A. General superintendent of the Troy City Railroad.

Q. How long have you been in that position? A. About nine years.

Q. At the time you became connected with it in that capacity, how was it operated? A. By horses.

Q. Exclusively? A. Yes, sir; it was then the Troy and Lansingburgh.

Q. Are you one of the directors of the company? A. No, sir.

Q. As the superintendent of the road, Mr. Smith, do you have the charge of its operation? A. Yes, sir.

Q. And the running of cars? A. Yes, sir.

Q. And scheduling the same; the name of the company, the corporate name, is what? A. Troy City Railroad.

Q. Troy City? A. Yes, sir.

Q. How much road has it? A. About 32 miles, all told.

Q. Does that include all leased lines? A. Yes, sir.

Q. What lines, if any, does it lease? A. It leases the Troy and Lansingburgh, the Lansingburgh and Cohoes, the Troy and Cohoes, and the Watervliet and Cohoes.

Q. Were these leases all made at substantially the same time? A. I could not say; but I know they were not.

Q. You know they were not? A. Yes, sir, but I couldn't say how much they varied apart.

Q. Were they leased prior to the time the roads were electrified? A. What?

Q. Prior to the time of the change from horses to electric power? A. I believe they all were with the exception of the Troy and Lansingburgh.

Q. That was leased since? A. Yes, sir, I believe so.

Q. So your company itself has electrified those various lines? A. Yes, sir.

Q. Did your company also electrify the Troy and Lansingburgh? A. Yes, sir; I went into the Troy City by the consolidation of the Troy and Lansingburgh with the Troy City.

Q. How long had you been with the Troy and Lansingburgh? A. I had been in their employ 25 years, but as general superintendent about eight or nine years.

Q. Was the Troy City Railroad Company formed by the consolidation of two or more companies? A. No, it was the Troy and Albia; then it became Troy City and the Troy and Albia, and then they took in these other companies.

Q. Now it is the Troy City Railroad Company? A. Yes, sir.

Q. So that the leased lines are actually what ones? A. The Troy and Lansingburgh.

Q. No; that was consolidated? A. The Troy and Lansingburgh, Troy and Cohoes and the Lansingburgh and Cohoes.

Q. They all comprise about how many miles? A. About 32 miles of track.

Q. Are they principally double track roads? A. No; the Troy and Lansingburgh is about all, and the Troy and Cohoes about two-thirds, and the Watervliet and Cohoes single track; and the Troy City road, it will be about one-third of the road when we get it completed.

Q. How much of the road is outside of the city, where pavement is required? A. It is all paved.

Q. None of it outside? A. A good deal of it is outside, but all our tracks are paved.

Q. When I said outside, I meant none of it outside of the paved district; how many cars do you operate? A. We operate every day regularly about 53, and in the evening more; it will average about 55 cars throughout the entire day.

Q. What fare do you charge? A. Five cents.

Q. Do you have a system of transfers? A. To Cohoes we charge seven cents, and to Watervliet seven cents.

Q. What is the distance? A. The distance is about eight miles, from one end to the other.

Q. From the end of your road in Troy to the end of your road in Cohoes is about eight miles? A. Yes, sir.

Q. On that you charge seven cents? A. Yes, sir.

Q. And also to Watervliet? A. Yes, sir; on three of those roads we pass a toll-gate.

Q. What do you have to pay a toll-gate? A. So much per year; and to renew the planking, also, and in one case to light the bridge; I should say it would average \$4,500.

Q. And there are three bridges? A. Yes; I should think it would average about that, each bridge.

Q. Do you keep your accounts of your receipts separate so you can tell the moneys received from each line? A. Yes; I believe we do.

Q. And can you tell how much is received on the Troy and - Lansingburgh? A. No, sir; I could not.

Q. I do not mean here, but will the books show? A. I think they will, but I can't be positive.

Q. And on each of the other lines? A. I think so; yes, sir.

Q. In what direction from Troy is Lansingburgh? A. North.

Q. And Cohoes? A. That is rather northwest, across the Hudson river.

Q. And Watervliet also? A. Yes, sir.

Q. Do your lines run south of Troy any? A. No, sir.

Q. What direction does your Watervliet line run? A. Waterford; we have no Watervliet.

Q. Supposing a person wanted to come on your road from Cohoes to go to Lansingburgh, how would he go? A. Take a car in Cohoes that would take him right to Lansingburgh by way of Troy.

Q. Does your line running to Cohoes run through Lansingburgh? A. Yes, sir.

Q. And also to Waterford? A. Yes, sir; we have another line that runs to Waterford.

Q. Supposing a person wanted to take your line to Waterford? A. There is a line that runs there.

Q. Direct? A. Yes, sir.

Q. That fare is five cents? A. Yes, sir.

Q. You, as superintendent of the company, had charge of the reconstruction of the road, making it into an electric road? A. To some extent; yes, sir.

Q. Do you know the cost of it? About; yes, sir.

Q. How much of the lines did you have to build over? A. All of it.

Q. New rails? A. Yes, sir.

Q. New ties? A. Yes, sir; with the exception of one small

line, the Waterford and Cohoes; we repaired that, but did not renew it with all-new material.

Q. What kind of rail do you use? A. Girder rail, nine-inch and four-inch.

Q. Have you had any experience with the "T" rail? A. No, sir; very little; we have very little of it laid; not more than half a mile.

Q. I suppose the streets were practically paved before the construction or reconstruction of your roads here? A. Before the reconstruction?

Q. Yes, sir. A. Yes, sir.

Q. So you had the material for paving? A. Yes; but in other cases they repaved when we reconstructed.

Q. That is, they repaved with new material? A. Yes, sir.

Q. Now, on a street where the pavement has simply got to be taken up and relaid and your track constructed new, including the overhead construction, binding all wires, poles, and setting of poles, what is the cost per mile? A. That is, simply to take up and relay the old pavement?

Q. Yes, sir. A. About \$15,000; I mean a straight mile of track.

Q. Single track? A. Yes, sir.

Q. How can you get that much money into it? A. I get it in this way: four thousand dollars a mile for overhead construction; that means iron poles, cross and feed wire, all complete; then I find the rail we bought some time ago figured about \$7,000 a mile for rail, for a mile of track.

Q. Seven thousand dollars a mile for rails? A. Yes; we paid \$1.20 a foot; that includes everything, chairs and spiking and everything else, and the ties, about two feet apart, 35 cents apiece; and then you must figure the gravel to tamp up with, about \$200; it will figure close to \$15,000 a mile.

By Mr. Shaw:

Q. Can you buy ties now at 35 cents? A. You can now, but we have paid as high as 40 and 45 cents, but they will average about 40 cents as a rule.

By Mr. Wade:

Q. You could have bought those rails a few months ago for less than a dollar a foot? A. Yes; but not now, you can not; but three years ago they were much higher.

Q. Mr. Smith, you have had considerable experience in the operation of the road, and I want to get your opinion on quite a number of things in connection with it; last winter a bill was introduced in the Legislature requiring the use of vestibule cars on all electric roads between November 1st and April 1st? A. Yes, sir.

Q. What do you think of that? A. I think it would be an injury to the public in cities.

Q. Why? A. I think that the motorman would not have the view that he should have before him; that he would miscalculate and there would be a serious accident; I have run a motor myself, and I formerly was a horse car driver, and with that knowledge it gives me a better idea of what might occur on a car, and I think it would be an injury to the public to have a man closed into a car so he could not have a clear view in front of him.

Q. Have you been on lines where they used vestibule cars exclusively? A. Yes, sir.

Q. And in localities with as unfavorable weather as you have in this section? A. Yes, sir.

Q. Did you discover there a more serious condition of things? A. Yes; in talking with the motormen.

Q. Where? A. At Rochester, one place, and Glens Falls in another; in talking with the motormen they say it is not as good for them; that they had rather be out in the open.

Q. Why? A. They claimed that there was so much cold in there that they did not get much warmth; they raised the objection of the frost gathering on the windows.

Q. What kind of vestibule cars have they got in Rochester? A. I haven't been there in two years; when I was there they had a vestibule car closed in front with a side door to it.

Q. There is an advantage in the operation of a car in having

the motorman entirely separate from the passengers and everything else? A. I will take it back; it is Utica I mean instead of Rochester; Utica, N. Y.

Q. I thought I didn't know of closed cars in Rochester, or vestibuled cars. A. It is Utica, N. Y., I am speaking of, and Glens Falls, N. Y.

Q. Have you any place in Troy where the street traffic is very much congested? A. Yes, sir; River street, Troy.

Q. River street? A. Yes, sir.

Q. How long is that where your cars run? A. About four miles we have heavy traffic.

Q. I do not mean where your street cars are crowded, but where the street traffic is congested for considerable length on River street? A. For three miles on River street.

Q. Don't you think you could operate vestibule cars on that line with about as much safety as you could with open ends? A. No, sir.

Q. What kind of a fender do you use, if any? A. We have not adopted any, but we have tried a large number.

Q. What do you think of them? A. Up to date I do not think much of them.

Q. Have you ever seen the fender in use by the Buffalo road? A. No, sir.

Q. Would you think it wise if the law should require the use of a suitable fender upon all motor cars? A. I would if it was a suitable fender and they would recommend the fender to be used.

Q. You wouldn't have your system have the responsibility of prescribing the kind of a fender, would you? A. I would not want to adopt any that was not suitable outside of that.

Q. That would be relieving the road of responsibility? A. I should think they should be, with the fenders I have seen.

Q. You know more about the utility of fenders than the members of your counsel here? A. Yes; I should think so.

Q. Of course. A. Yes, sir.

Q. Now, if the ordinances of the city of Troy, or the statutes of the State, required you to use a suitable fender upon your motor cars, then it would put you to the trouble of determining

what was a suitable fender and the responsibility of doing it would rest upon you? A. Yes, sir.

Q. Don't you think that is where it ought to rest? A. I don't know; it ought to if we could get the fender that would save life.

Q. Well, you take the fender that picks 360 people out of 362 that it strikes, and what would you think of that? A. I would think that it would be a good fender.

Q. That is what they have done in Buffalo, except I do not think I have the figures high enough. A. Yes.

Q. Where the traffic in the streets is heavy, don't you think you ought to be required to use a fender, if a suitable one can be found? A. I think we ought to; I think it is good judgment; the right kind.

Q. Is it not a matter of economy and good business for your road? A. I think so.

Q. Have you ever seen the wheel guards on the Broadway roads in New York? A. Yes, sir.

Q. Why wouldn't that be a good guard on electric cars? A. It would be.

Q. It would be impossible for a person to get under that? A. Yes; but it happens before they get there, as they are badly bruised before it strikes them; it is not necessary to bruise him before you kill him.

Q. It is not necessary to bruise him always before you kill him? A. No, sir.

Q. Do you know what the safe-guard is on that car? A. I could not say.

Q. It is a guard that comes very close to the rail. A. Yes, sir.

Q. It could be no different in applying it use to that than an electric car? A. I think not.

Q. Are your cars much the style of these in Albany? A. Yes, sir.

Q. You notice the forward end of these cars are very high? A. Yes, sir.

Q. It is a long distance from the front end to the wheels? A. Yes, sir.

Q. And the wheels are close together? A. Yes, sir.

Q. Take that car there; you absolutely know that if it strikes a person there is not anything to keep him out from under the wheels? A. No, sir.

Q. What is the reason on this road in Albany they could not put on just such wheel guards as they had on the Broadway road? A. I do not see any.

Q. Wouldn't you deem it advisable? A. As far as it prevents the object from going under the wheels, I think it is a good thing.

Q. Don't you think it advisable to prevent the object from going under the wheels? A. I do; yes, sir.

Q. Don't you think it would be a matter of economy for the company to equip the road with those, or a similar fender? A. Yes; I think this is very high.

Q. You say a person might be seriously injured before he got to this wheel guard. A. Yes, sir.

Q. But if the wheel guard would save his life it would be better to have it there? A. Yes, sir.

Q. How many people have you killed on your line, if any? A. Since we operated an electric road we have killed about eleven; nine of them were boys, one a man and one woman; in all cases of the boys, there was not more than four feet to spare; in the case of the man, he stepped off from a down car and behind, and in front of an up car, and received a cut in his head and died in eleven days; in the case of the woman, she was walking up the street with a pail, going after beer in the winter time; she did not hear the car; the gong was ringing, and she had a shawl over her head, and the dashboard of the car struck her and threw her on the pavement and she died during the winter; we have not killed any one since that woman; if I remember right, that was the last one.

Q. Do you permit your cars to pass on street corners? A. No, sir; nor do we allow them to pass when the opposite car is standing still.

Q. What is that? A. In case a car is discharging passengers the opposite car must come to a full stop and until the other car stops discharging passengers, whether at a street crossing or not;

I mean this: there is a car that stops to let off passengers; here another car is coming; that car must stop.

Q. Do you require one to stand still while the other passes? A. No, sir; not if they are not discharging passengers; the object is this, that this car that is discharging passengers, some one might get off and go around and be knocked down if this car starts; this car can not start until the front dashboard gets past here; that gives that man a clear view, and the passenger also.

Q. So, whenever your cars meet one of them stops? A. Yes, sir.

Q. But if neither has stopped, they can run right along? A. Yes, sir; provided they are not at a street crossing.

Q. You do not allow them to meet and pass at any street crossing? A. No, sir.

Q. Supposing they are coming in opposite directions and if each continues they surely will meet? A. One must stop.

Q. Which has the right of way? A. The one nearest the crossing.

Q. You know that each is always nearest the crossing? A. True, but you must take chances on those things; if you catch a man, discharge him; the car that is nearest the crossing we give the right of way to.

Q. It might be difficult to tell. A. I find that where two cars are coming, as you say, one man or the other will slow up.

Q. I find they are most likely to keep coming? A. I have been unable to discover that; I have been —

Q. Anxious to regulate that by prescribing the one going in a certain direction should have the right of way? A. Yes, sir.

Q. I suppose you are like other superintendents, your orders are not always obeyed? A. Yes, sir.

Q. Do you promulgate rules for the operation of your road and the government of your motormen and conductors? A. Yes, sir.

Q. Do you have any change in the rate of transportation at any different hours of the day, or is it the same all the time? A. What is that?

Q. Is your fare the same all hours of the day? A. Yes, sir, and all night also.

Q. Do you pay any percentage of your receipts to the city? A. I could not say; I think not, but I do not know.

Mr. Shaw.— We do not; the city taxes the franchises.

Q. Are you sufficiently familiar with the traffic upon your lines to tell us about the average distance a passenger travels? A. No, sir.

Q. Have you ever figured on that any? A. No, sir.

Q. Do you know whether any one in your company has done so? A. No, but I have a slight idea; we are situated in Troy this way, that in Lansingburgh, about three and one-half miles from the centre of Troy, the population mostly come to Troy to work and they will ride with us about three miles before they get off; now, take it in the south part of Troy, the collar girls mostly live, that work in the north part of Troy, and they will ride two or two and a half miles to go to work.

Q. They have to pay two cents a mile, practically, the girls? A. Yes, sir; it is about two and one half to three miles.

Q. And the others pay pretty nearly two? A. Yes, sir; the most of them come three or three and a half, and some four; that is principally our travel.

Q. Does your road pay any dividend? A. Yes, sir.

Q. What? A. Five.

Q. Annually? A. Yes, sir.

Q. Or semi-annually? A. They pay quarterly, four installments of one and one-half, aggregating 5 per cent. a year.

Q. What is the amount of capital stock? A. Two millions.

Q. Two millions? A. Yes, sir.

Q. What is the amount of the bonded indebtedness? A. I believe that is \$2,000,000.

Q. So you pay the interest on your bonded indebtedness at what rate; six? A. At five, I believe.

Q. And 5 per cent on your stock? A. Yes, sir.

Q. Is there any other indebtedness aside from that? A. I could not say.

Q. None that you know of? A. No, sir.

Q. There can not be any of any large amount, can there? A. I think not.

Mr. Shaw.— I have the figures.

Q. Suppose you state them, Mr. Shaw?

Mr. Shaw.— I have it right from the books. A. Bonded indebtedness, \$2,000,000; debenture notes outstanding, June 30, \$160,000; other notes, \$6,000 at that time, June 30, figured up, and other accounts aggregating about \$500 that we could not give the exact figures.

Q. Those debenture notes draw 6 per cent.? A. Six per cent. run five years, and at the option of the company they may be redeemed at the end of two and one-half years.

Q. Now, the other notes? A. Other notes aggregating \$6,000; those are short time notes, borrowing money for immediate use.

Q. The capital stock is \$2,000,000? A. Yes, sir.

Q. Now, that \$2,000,000 of capital stock is the capital stock of the Troy City road? A. Yes, sir.

Q. And that road, of itself, owns how much track? A. I could not answer.

Q. I do not mean the leased lines that it operates; it owns these two lines consolidated, the Troy and Lansingburgh? A. Yes, sir.

Q. And the Troy and Albia, and the Troy and Lansingburgh is what it owns now? A. I don't know just the number of miles of track; I think this report shows just the amount.

Q. You have got the whole thing in this report; here is single track, main line, from Waterford to iron works, Troy, 6.821 miles; what is that on? A. That is Troy and Lansingburgh; single track, main line, from Albia to River street, 3.3 miles? A. Yes, sir.

Q. That is now a part of the city? A. Yes, sir.

Q. Those two belong to it; single track branch Third and Fourth Street line, 1.567? A. That is the Troy City road.

Q. Single track branch Hoosic Line, .9 of a mile? A. That is the Troy City.

Q. Single track branch Union Depot line? A. Yes, sir.

Q. Then you have second track on main line and branches,

sidings on main line and branches, 7.226 miles, that belongs to the same? A. Yes, sir.

Q. Making a total of 20.318 miles? A. Yes, sir.

Q. Now, the total length of track of your leased lines is single track from via Green Island to Cohoes, 3.721 miles? A. Yes, sir.

Q. Single track from Lansingburgh to Cohoes, 1.104, single track from Waterford to Cohoes, 1.876 miles; then second track and sidings, three miles, total leased lines, 9.701 miles? A. Yes, sir.

Q. The total of all, 30 miles and a very small fraction? A. Yes, sir.

Q. Now, then, these other companies have a capital stock outstanding against the cost of construction, those leased lines? A. I could not say as to that.

Q. Now, the Troy and Cohoes, that is the line running from Troy by way of Green Island to Cohoes? A. Yes, sir.

Q. Three and seven-tenth miles? A. Yes, sir.

Q. The capital stock of that company as shown by the report of 1894, is \$50,000; do you know what rental is paid for that line; your lines paid a 7 per cent. dividend on \$50,000, as a rental to the Troy and Cohoes? A. Yes, sir.

Q. The total trackage of the Lansingburgh and Cohoes is 1.8 miles? A. Yes, sir.

Q. That you paid a rental of \$1,050 a year? A. I could not say.

Q. That is what the report shows, which is a 7 per cent dividend on its capital stock of \$15,000; now, the Waterford and Cohoes you pay a rental of \$1,750; that is 7 per cent. interest on its capital stock; now, how many cars does your company own? A. One hundred and twenty-eight motor cars; and then we have a number of horse cars; I should say 48, but I do not know exactly.

Q. Are they of any particular value? A. Not a great deal; they are of some value; we are running a horse road; this Troy and Cohoes is a horse road, but we are electrifying it; we have 88 horses.

Q. What did your cars cost you? A. The most of our cars cost us from \$4,500 to \$3,500 apiece.

Q. You include the brakes and the motors and the bodies? A. Yes, sir, and the wiring; the labor.

Q. How many have you? A. One hundred and twenty-eight open and box.

Q. Your open cars did not cost you that? A. No, sir.

Q. How many box cars? A. About 60.

Q. What would you be willing to put the average cost of those at? A. I would be willing to put the average cost to-day about \$3,000

Q. I mean the average actual cost? A. About \$4,500 complete, would be about the average actual cost.

Q. And open cars? A. About \$3,800.

Q. That could be diminished to-day, that branch of your equipment, at least 33 1-3 per cent., could it not? A. I think so; yes, sir.

Q. And more too? A. I would not want to say more.

Q. You can buy those motors at \$700 to-day, couldn't you? A. Not hardly; motors are higher to-day than they were three months ago.

Q. We used to pay \$2,200 for them. A. We have paid as high as \$3,100 for them.

Q. That was the very first, wasn't it? A. Yes, sir.

Q. Now, about what amount of special construction have you on these roads? A. It is all special construction with the exception of one road.

Q. You do not mean by special construction what I do; I mean frogs and switches and rails. A. Oh; the Troy City Road, Troy and Lansingburgh, has a great deal of that; take that Union Depot part, and for about a mile in Troy we have lots of curves and switches and frogs.

Q. How much would you add to the cost of construction of that road, for special construction? A. About \$50,000.

Q. How much real estate have you, if any? A. We have lots; we have, I could not say how many acres, but I should say it comes about six acres at Lansingburgh, and on that ground we have a power station, and we have two very large carhouses, machine

shop and carpenter shop, and a barn that we keep a number of horses in.

Q. What is your real estate worth? A. I could not say.

Q. Can you tell about what? A. I wouldn't want to say, because I have no idea.

Q. What does your machinery cost you; dynamos, boilers and engines? A. We have three different sizes of dynamos; the dynamos at Lansingburgh probably cost about \$25,000; we bought the dynamos very high.

Q. Have you got any anywhere else? A. Yes, sir; we have the station in Troy.

Q. What did they cost? A. About \$30,000.

Q. What did your boilers and engines, and so forth? A. Our boilers cost us about \$15 a horse power, and we have got —

Q. How many horse power have you? A. About 1,500.

Q. Your boilers cost you \$22,500? A. I should say they cost us about \$20,000.

Q. And your engines? A. We have five engines.

Q. What did they cost you? A. I should say about \$25,000 to \$35,000, including piping.

Q. Now, your wirings about your buildings there, and switchboards, and so forth? A. We have done that over a number of times to meet the insurance company; it is expensive now.

Q. Give your idea of it. A. At least \$4,000 or \$5,000.

Q. We will call it \$5,000. A. Yes, sir.

Q. Is there anything else about there that cost money? A. Quite a number of things.

Q. What? A. Machine shop.

Q. You can not have a very expensive machine shop? A. No.

Q. How much is invested in machine shop? A. I should say \$4,000.

Q. There is nothing else outside of the line? A. Buildings, and so forth; we have a car barn at Albia, and then we have two large buildings in Troy, and also a power station in Troy, and large buildings in Cohoes, and three or four acres of ground there where our horse car barns are, and car sheds.

Q. Have you got \$400,000 all told? A. I could not say.

Q. Would say it was worth \$200,000? A. I should say it was worth at least that.

Q. We will put that in at \$200,000; these things amount to about \$1,200,000; wouldn't you like the contract to duplicate the whole thing for a good deal less than \$1,200,000? A. I would to-day; yes, sir.

Q. Here is a feature about it; have you ever thought about it; you say you have \$2,000,000 of bonds, \$2,000,000 of stock; you have \$2,166,000 of indebtedness of that company; you have \$50,000 stock of another, \$15,000 of another, and \$25,000 of another, with whatever bonded indebtedness does not appear in these reports; \$4,256,000 of obligations of these companies, and you have got thirty miles of road; that makes your road cost you over \$141,000 a mile; of course, you have not any idea that it cost that? A. I could not say what it did cost.

Q. What? A. I could not say.

By Mr. Shaw:

Q. Have not some parts of the road been replaced from time to time? A. Yes, sir.

Q. Has the art advanced with new equipment and more modern?
A. The motors we put on five years ago are not on to-day.

By Mr. Wade:

Q. The road is actually paying in dividends, on thirty miles of road, and interest on indebtedness and fixed charges, upwards of \$216,000 annually, on an investment that could be put in there to-day for a million and a half, couldn't it; real estate and all? A. I think not.

Q. What? A. I should think not.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

Charles H. Smith, recalled:

By Mr. Wade:

Q. Have you ever, Mr. Smith, at any time, had under consideration, the advisability of a cheaper fare mornings and evenings?

A. No, sir.

By Mr. Shaw:

Q. It is a little over a year since we reduced fares, is it not? A. Yes, sir.

Q. We used to get 10 cents from Troy and Lansingburgh and Cohoes; we made the reduction voluntarily.

By Mr. Wade:

Q. Do you sell books of tickets at any lower rate? A. No, sir, except on one road; that is the Waterford and Cohoes road; we sell a ticket there; 22 for \$1.

Q. What rate of speed do you run your cars at? A. About eight miles an hour.

Q. Is that general? A. It is, in the cities.

Q. Outside, you run faster? A. Yes, sir.

Q. Take the city of Troy; do you regard it as perfectly safe to operate your cars at that rate of speed? A. Well, sir; we do not; in the city of Troy for two miles we have not increased over the horse car speed.

Q. May you not increase with safety? A. I do not think we ought to increase to any great extent through here.

Q. What do you say as to the dangers of the operation of the road diminishing as the people become more accustomed to the electric car? A. Well, I think, to some extent, it will, but not to any great extent.

Q. Supposing, Mr. Smith, you were to be relieved from the care of the streets beyond the care of the track itself, and the taking up and replacing of the pavement when necessary to repair your track, in consideration for that, what reduction of fare could your

company afford to make? A. I do not think our company could afford to reduce their fares for less than they have now, even if they had that.

Q. You appreciate the fact that they are paying a 5 per cent. dividend upon over \$4,000,000? A. Yes, sir.

Q. And you appreciate the fact that it is not possible to invest that amount of money in this road? A. No; I do not appreciate that fact.

Q. How do you think it could be done? A. How do I think it could be done?

Q. Yes; that you could invest \$4,000,000 in three miles of electric street railroad? A. I do not know as you could to-day, but I think it has been invested under the conditions as they have been in the past; in the last six years they have made complete equipment.

Q. Very well, assuming they have built the road entirely over? A. They built over, and rebuilt it over again.

Q. Why? A. Because the first construction was the best they could get at that time, and it was not right.

Q. Are you permitted to use the "T" rail there? A. No, sir.

Q. Don't you think that is the best rail that can be laid? A. Yes, sir.

Q. Don't you think it is better for the road and better for the city? A. I think it is better for the road and I think it is better for the city.

Q. Have you had any experience with paving against a "T" rail? A. No, sir.

Q. You know the fact there is a "T" rail made to-day especially for pavement? A. Yes, sir.

Q. The same as your nine-inch girder rail? A. Yes, sir.

Q. And on the other side of the track you can pave right level with it? A. Yes, sir.

Q. On the inside, by dropping it one-half inch, you make a place for the flange of your wheel? A. Yes, sir.

Q. Is it possible, in your opinion, to make a street with another rail in as good condition for traffic? A. I think not; I think you

could make a street better with that rail than any other rail; that is my opinion after looking over the streets in Springfield, Massachusetts.

Q. Your girder rail is sufficiently wide so that a horse can put its entire foot on that rail? A. Yes, sir.

Q. That is impossible with the "T" rail? A. Yes, sir; a great many accidents occur from it now, where horses are injured.

Q. You can not build as good a road with a girder rail as with a "T" rail? A. No, sir, nowhere near, nor get as long life.

Q. I don't know but I asked you; I think I did; if your company paid any percentage of its receipts to the city? A. I could not answer that; we only pay a State, county and city tax.

Q. I mean a franchise tax to the city? A. No, we do not pay that except in an indirect way, by paying our percentage for paving.

Q. That would not release you from the paving percentage even if the franchise was granted on a percentage basis; it would not relieve you from the other taxes; now, a large amount of your patronage comes from laboring people, clerks and artisans who are working by the day, week or month? A. I should say about one-half.

Q. And those you take morning and evening, substantially? A. As a rule, yes, sir.

Q. Don't you think some sort of a system should be devised by which that class of people should be relieved as far as possible?

A. I do not see how we could, situated as we are; we have to haul them so far.

Q. You have not got a long line, eight miles? A. Very true; but we have to haul seven-eighths of those people from one-half to over one-half of the distance of our lines.

Q. You pass through two or three townships? A. We pass through two.

Q. Two municipal corporations? A. Yes, sir.

Q. What does your city tax amount to, per annum?

Mr. Shaw.—I have that right here, Mr. Wade. We paid, city taxes — our property tax in 1893, I will show it to the witness.

A. Our property tax in 1893, that we paid, was \$5,640.04; in 1894 it was, \$5,636.43; in 1895, as far as we can now figure, \$5,732.44.

Q. What is your assessed valuation?

Mr. Shaw.—I do not know what it is assessed at. We have not got that here.

Q. Have you got your tax rate?

Mr. Shaw.—No, not this year. Our taxes amount to about \$2,000 — State, county and city.

Q. That comprises all?

Mr. Shaw.—That comprises all the property taxes. We have the franchise tax we pay the State.

Q. I mean, that includes all those different places?

Mr. Shaw.—Yes, sir.

Q. Now, Mr. Smith, I suppose in your company you are quite familiar with the employment of the operatives in your company?

A. Yes, sir.

Q. That falls within your department, does it not? A. Yes, sir.

Q. Is it advisable, in your judgment, to prohibit, by legislation, the employment of an individual more than a given number of hours per day? A. Well, I do not know; I should say, to some extent, yes.

Q. Would you favor a statute that prohibited the employment of a motorman more than 10 hours a day? A. No, sir.

Q. Why not? A. Because I do not think he works long enough.

Q. Do you think your operatives would favor it? A. No doubt they would.

Q. Do you pay by the day or trip? A. By the trip; averages \$2 a day with the meals out, by making actually on the cars 10 hours and 40 minutes.

Q. Supposing that was to be reduced two hours by legislation; you would have to correspondingly reduce the wages? A. Yes, sir.

Q. Do you think your operatives would favor it under those conditions? A. I think not.

Q. Do you think it most feasible to leave that as a matter of contract between employer and employe? A. Yes, sir.

Q. Did you have any strikes on your road? A. No, sir; we had one a few years ago during the epidemic; then our men were working 18 and 19 hours.

Q. Do your conductors and motormen get the same pay? A. Yes, sir.

Q. They receive \$2 a day? A. For about 11 hours actually on the cars.

Q. What kind of brakes do you use? A. As a rule, we use the ordinary brake that comes with the truck; that is the brake-shoe on the wheel; we have on a few of our hill cars a safety brake invented by a man by the name of Gibbons; we are also equipping a few for trial with a brake known as the electric brake, worked with the motor; there is an extra notch on the reverse handle that can not be used unless he raises a latch; suppose this man is coming down a hill and his ordinary brake gives out and at the same time his power at the station gives out, he has no control so far as the power or brake goes, but coming down the hill with this apparatus, he immediately makes one motor a generator and the other a motor, and it stops the car immediately, providing the rail is not slippery, and at all steep grades we have a sand man as well as sand boxes; I have seen that work in Hoboken, New Jersey, and it worked every time on the most horrible grades.

Q. It can be done quickly? A. It can be done in an instant; in connection with that they have a fender that will brake at the same time, that I thought fairly of, but they did not have that far enough along, or I did not see it long enough to come to a conclusion; the brake, though, works very nice, providing they have sand; if you lock the wheels on a slippery grade you go down faster than if the wheels are revolving, but with this patent I do not see why you should not stop, even if you do not have power.

Q. All you have to do is to have the wheels turn and one set will

stop the other? A. Yes, sir; we have tried a number of contrivances but never found the right one yet.

Q. Did you ever have an accident? A. We had one; that was caused by a man locking his brakes on a slippery grade, and he ran into a building and the motorman was injured and died in a few days, and the case was tried and he was non-suited.

Q. They set the wheels sliding in that case? A. Yes, sir.

Q. Do you have any difficulty with conductors knocking down fares? A. Occasionally.

Q. I suppose you have suffered the same that others do in that respect? A. Yes, sir.

Q. You occasionally put detectives on your lines, do you? A. Yes, sir.

Q. They always show up something? A. Yes, sir, as a rule; sometimes we have a very good report.

Q. Have you ever figured on that to know how much it affects your receipts? A. No, we never have.

Q. That is, to make an estimate satisfactory to your own minds? A. No, sir.

Q. It amounts to a good deal in the course of a year? A. I don't know; we don't have a great deal of that on our lines; we have detectives on our lines more or less all the while; occasionally we find a man and we warn him and the second time discharge him; sometimes we think we can save a man, but we find we can not; when they get to stealing they always steal.

Q. Do you confine your employment of men to any labor organization? A. No, sir.

Q. Don't you make an inquiry of whether they are or not? A. We like to know if they belong to any; there is not any to-day that they belong to.

Q. They do not belong to any to-day? A. No, sir.

Q. Do you discriminate against those who belong to labor organizations? A. No, sir.

Q. Have you reduced or increased wages within the last two years? A. No, sir.

Q. You have kept them the same during those years? A. Yes, sir.

Q. About what do your pay-rolls amount to monthly? A. I could not say; it is something I do not go into very much.

Q. Do you have a system of reports by which any accident—
A. Every accident.

Q. — or anything happening to a car? A. The slightest accident; if it does not happen within eight feet of the car there is to be a statement made out and given to me, and I follow that up by sending word to the conductor to follow up the case and get witnesses.

Q. Supposing a car broke down, is that reported? A. Yes, sir; every car is inspected every 12 hours, and an affidavit made every month, twice a month; a man in our shop constructing the electrical work, he makes a report in a book, and he has to make an affidavit every once in so long.

Q. That he has reported the inspections accurately? A. Yes, sir.

Q. What is the purpose of the affidavit? A. In case an action should be commenced against the company, and that they should show our car was not inspected in a number of days, and that we did not pay the attention to our car that we should, I use that as evidence that we do.

Mr. Shaw.—Or, if a man is out of our employ, and in collusion with the other side, we have that affidavit to contradict him.

Q. You have inspectors employed who do nothing else? A. Yes, sir.

Q. Do you rent out or sell any power? A. No, sir.

Q. Or do any lighting? A. No, sir.

Q. Do you carry any freight? A. No, sir.

Q. Mail? A. Carry simply the mail carriers.

Q. How do you carry them, at the the same fare as other people? A. About the same fare, but they have a ticket; the Government furnishes them that ticket.

Q. How do you do with the police and firemen? A. We have to live up to that law.

Q. There is a question as to what the law is? A. Well, we take it as it is.

Q. How do you do that; do you simply pay no attention to them and let them get on? A. No, sir; this way: a policeman gets on, and the conductor goes to him and looks at his certificate and takes his name and enters it on the book of the conductor's report, and returns the certificate to the policeman; that certificate is supposed to be signed by the mayor.

Q. I should think that would be quite inconvenient with a crowd of people on? A. Very true, but I want the conductor to show something; the amount of trackage within the city of Troy is about 20 miles.

William Shaw, called and sworn, testified:

By Mr. Wade:

Q. Mr. Shaw, in what capacity are you connected with the Troy City Railroad? A. I am one of the directors, and also counsel for the company.

Q. And as such, are you familiar with the financial transactions of the company and its corporate acts? A. I have a detailed statement here of the financial situation of the company, and I am familiar, more or less, with its operation, especially with the legal affairs of the company.

Q. I suppose all its corporate acts, such as election of its officers, was under your advice? A. Yes, sir.

Q. And all matters that require assistance of a lawyer or attorney under your direction? A. Yes, sir.

Q. How long have you been engaged with the road in that capacity? A. Since the summer of 1892.

Q. Did you then become familiar with the history of the road? A. I became familiar with the conduct of the affairs from that time.

Q. From that time on? A. And more or less familiar with what had been done preceding.

Q. At that time how much of the road was operated by electric power? A. At that time they were in the height of their change from horse power to electricity; a portion of the road had been electrified and the remainder had still to be done, and they were at work at it, and it has been carried on since up to the present date.

Q. Now, I wish you would tell us how the company got this present corporate name? A. The Troy City Railway Company was originally known as the Troy and Albia Horse Railroad Company; I can tell by referring to these papers when that change took place; this name was afterward changed to the Troy City Railway Company; that change took place on the 20th day of June, 1891; I said the name was changed to the Troy City Railway Company on the 20th day of June, 1891, by an order of the court, under the statute for that purpose; that was done before my day, but the records show that, and the order shows it.

Q. And the Troy and Albia road was a horse road? A. Yes, sir.

Q. About how extensive was this line? A. That was a road about 13 miles and a fraction, as shown in the book extending from what we call River street to Albia, and part of Troy back on this hill.

Q. That company changed its name? A. Yes, sir.

Q. To the Troy City Railway Company? A. Yes, sir.

Q. Subsequently to that time did it acquire any other line? A. It did.

Q. What? A. The Troy and Lansingburgh.

Q. And that is about how extensive? A. The Troy and Lansingburgh was a road running from the Nail Works to Waterford, a distance, I think, of a little less than seven miles; six miles and a fraction; that occupied then, substantially only one street; that is, they had one line extending through River into Second and across River into Lansingburgh; it ran directly from north to south; instead of going through the city, it ran through the western end of the city on the river side.

Q. How was that road acquired? A. At the time in 1892 when

the consolidation was perfected, we had five surface roads in and around Troy; the Troy City Railway Company, which was this old Troy and Albia, the Troy and Lansingburgh, the Waterford and Cohoes, the Lansingburgh and Cohoes and Troy and Cohoes; each one of these lines diverging over to Cohoes might be termed lines belonging to the Troy and Lansingburgh, although they were separate roads leased to the Troy and Lansingburgh; the Troy City acquired all the rights, leases and franchises of the Troy and Lansingburgh road by lease, and that lease I have here; the lease is dated the 7th of November, 1892.

Q. What was the rental agreed to be paid? A. The rental agreed to be paid was \$70,000 a year; it is acknowledged on the 7th of November, and was executed at that time and delivered about that time.

Q. And after the lease was made you purchased the stock? A. After the lease was made the Troy City Railroad Company purchased the stock of the Troy and Lansingburgh.

Q. At what price? A. At \$2.25 a share; its capital stock was \$700,000, but there was about \$100,000 that had never been issued, so it made the outlay for that stock about \$1,000,000 in round numbers.

Q. How was that paid? A. Paid in cash.

Q. How was the money raised by the company? A. It was raised through the Central Trust Company of New York.

Q. On what obligations? A. On our bonds and stock.

Q. You issued \$2,000,000 of bonds? A. Two million dollars of bonds and \$2,000,000 of stock; the bonds were turned over at once to the Central Trust Company of New York; the outstanding stock at the time of that increase, the original stock of the Troy and Albia, was \$50,000; it was increased in 1891 to \$400,000; increased, November 7, 1892, with the consent of the Railroad Commissioners, to \$2,000,000; so that \$400,000 of that stock was outstanding among the stockholders of the \$2,000,000.

Q. How did the stockholders pay for that \$400,000? A. I understand they paid cash; I do not know much about that; it was

before my day; the balance of the \$2,000,000, nearly 16,000 shares, was turned over to the Central Trust Company of New York; it amounted to 15,894, my memory is; I have it right here, 15,894 2-3 shares, were turned over to the Central Trust Company of New York.

Q. As collateral? A. I did not know the arrangement personally, but I understood that was turned over to them absolute.

Q. With bonds? A. With the bonds; but the bonds were not absolute; but the stock was turned over absolute for the moneys advanced to buy the Troy and Lansingburgh stock; it was advanced to buy that stock and they bought the stock; they also advanced the money for the completion and electrifying of our railroads.

Q. Who made that delivery? A. I do not know; but it was made, and I so understood that that was the arrangement; the stock, instead of being turned over, in fact — it was turned over, in fact, to the Central Trust, but they took it in the name of George Bertine, one of their confidential clerks, who is still in the employ of the Central Trust of New York; the certificate of stock shows that.

Q. Why did they get the bonds? A. For the reason that they were the trustees named in the mortgage, and they were to be fully protected until all their money was paid.

Q. Then they got it as collateral? A. They got the bonds as collateral, I understand; I did not have anything to do with the handling, and I don't know who did; the bonds were turned over and the stock was turned over absolutely; \$333,000 was the old bonded indebtedness at that time, at the time of the issue of the \$2,000,000 of bonds; you will find, under the report of 1891, that fact; the Central Trust were authorized to hang on to the bonds or the proceeds of the bonds to protect the individuals owning the first series.

Q. How much money did the Central Trust Company advance to the Troy City Railroad Company? A. In round numbers, I wouldn't know, except that they paid for all this stock of the Troy and Lansingburgh stock, and that cost about \$1,400,000;

then they advanced all the money necessary for electrifying all the roads and all the leased roads.

Q. Did they, at some time, sell some of the bonds of this road?

A. Yes, sir.

Q. Are they all sold now? A. Yes; they are all sold now, except those necessary to meet these other bonds.

Q. One million eight hundred and seventy-eight thousand dollars sold now? A. Yes, sir; at that time \$333,000 had to be kept back.

Q. When did they issue that Central Trust Company mortgage? A. My memory is that it is dated on the 7th day of November, 1892.

Q. It was about that time, was it? A. Yes, sir; it was about that time; this lease was about that time, too.

Q. How did the road acquire money with which to pay for electrifying it? A. They acquired it, as I understand, by the Central Trust, on the strength of the bonds and stock issued.

Q. When the Central Trust sold any bonds did it reimburse itself from the bonds for the stock that it purchased? A. Yes, sir; that is, it first used up the stock for that purpose.

Q. Sold it? A. It sold the stock at whatever price they had a mind to, and the deficiency taken out of the bonds.

Q. To whom did it sell the stock, in the main? A. I bought some myself; to anybody that wanted to buy it.

Q. At what price? A. I bought mine at 70.

Q. At what time? A. I bought some, it must have been along shortly after that, about in December, I think; I would not be certain; it was after the 7th of November, and not a great while after.

Q. Did that stock substantially come back into the hands of the owners of the road or promoters of the scheme? A. I think not; I think it went into other hands outside.

Q. Did the road actually change hands and management? A. Yes; it actually did; its old board of directors, who acted up to about November, 1892, changed to a large extent.

Q. I see each of these companies have about the same number

of directors? A. The Troy and Lansingburgh having been substantially the directors, became directors of the other line.

Q. That is so of the other lines? A. Only one, the Waterford and Cohoes; the Troy City bought in that stock, so we controlled it.

Q. You kept up that organization, because it is a lessor? A. There is an outstanding stock that has to be protected; we have to pay a rental every year.

Q. Then there is the Waterford and Cohoes? A. I am speaking of the Waterford and Cohoes.

Q. Then there is the Lansingburgh and Cohoes; that is the same way? A. No, sir; that is not controlled by us; a number of our directors have stock in that company, but we do not control it, and the same way with the Troy and Cohoes; I hope the day may come when we can buy a majority of the Lansingburgh and Cohoes, but a number won't sell out at any fair price; you look at the Waterford and Cohoes and they are pretty near the same board as the Troy City, and Troy and Lansingburgh the same way, because we have control of that stock.

Q. It is different with the Lansingburgh and Cohoes? A. Yes; the Lansingburgh and Cohoes and Troy and Cohoes are different with these; some of the directors are the same, but only a few.

Q. I don't think any of them are; I guess none of them were in 1894? A. I have not looked at them particularly.

Q. Now, Mr. Shaw, what do the books of the company show that the company itself received for the \$2,000,000 of stock? A. It shows the construction and equipment account as paid off; it does not show the outlay; I think the books do show, in one particular, for the outlay of stock, \$1,400,000.

Q. Do your books show that the company actually received \$1,400,000 in cash for the stock that was used in purchasing the stock of the other company? A. It does not, because we did not receive it in cash; the Central Trust bought it in at our request.

Q. It bought it in for you? A. Yes, sir; and the stock is in our name, and is held by the Central Trust Company as collateral to that bond issue; in addition to our bonds, we turned over our stock.

Q. That is, the Troy and Lansingburgh stock of \$700,000? A. Yes; for which we paid \$1,400,000.

Q. You issued \$2,000,000 yourself? A. Yes, sir.

Q. Then you effected this consolidation? A. Yes, sir.

Q. And if this \$700,000 of the Troy and Lansingburgh stock was paid for naturally why not cancel it? A. We might as well have canceled it, but the holders of the bonds, those that were to take them, said, "How do we know but there is some defect in this consolidation that may affect our security; now, as you own that stock, you turn that stock over as collateral;" and we did.

Q. Do your books show the \$700,000 of the stock of the Troy and Lansingburgh road as assets of your company? A. Yes, sir.

Q. And they also show the road itself as assets itself? A. It shows the road substantially as forming a part of the Troy and Lansingburgh, as by certificate filed with the Secretary of State; on the filing of the certificate, under section 79, they became substantially consolidated.

Q. When that consolidation took place, did not the Troy and Lansingburgh become the property of the new company? A. Yes, sir.

Q. Then why shouldn't this old stock be cancelled? A. Because there is no provision in the statute for that; the statute says the lessee company shall have the right to purchase the stock of the lessor on such terms as they may agree, and when the whole stock is purchased, the board of directors may file a certificate, but decisions have held that the Troy and Lansingburgh does not lose its identity; that is the way it stands.

Q. Are you familiar with the statute providing for the consolidation of two companies? A. I am.

Q. Where you are entering into a contract of merger? A. Yes, sir.

Q. And that contract itself must make provision for the retiring the capital stock of the two old companies? A. Yes sir.

Q. And issuing stock of the new companies? A. Yes, sir.

Q. That you did not do? A. We had that plan under consideration, but we preferred our way to do it, under the lease, and the

attorneys representing the Central Trust Company also took that course.

Q. It stands there as the liability of some company, and if it is the liability of the company who issued it, it is the liability of a company without a dollar of assets in the world? A. No.

Q. Why not; you have got the road? A. We own the stock; we have got the road.

Q. You own the road as the Troy City Railroad Company? A. I don't know any provision of the statute that would authorize us to issue that stock to any third party; we had the right to buy it ourselves and then file that consolidated certificate; and when we did that the life of that stock was taken away except so far as necessary to revive it to protect any holders of the securities of the Troy City; supposing there was a defect in our mortgage; the trustee holds the stock; there should be a provision that the bond holders would lose provided they had no other security; I think there would be power in the law to protect it.

Q. If your consolidation is right, that company has no further power to correct a mistake in a mortgage? A. Exactly.

Q. It would devolve on a new company? A. Exactly; but suppose a new company could not do it; the bond holder must be protected.

Q. Is not this true, in your opinion, that if your consolidation is perfect, and an actual consolidation, that stock is cancelled by operation of law? A. It would be if the law so stated, but there is nothing in that statute that so states, and when you take the decisions on that statute you find that old stock corporations supposed to be sold and supposed to be merged into the new, it is not out of existence.

Q. Then that needs revising? A. I think it does; it was a wonder to me when the decisions came that way I think the general term passed it in one case.

Q. If that be true, you have here outstanding, no matter whether a company owns it, or individuals, \$700,000 of capital stock that stands as an obligation against something; now, what is — A. I do not see as it stands as an obligation in the way you speak of it at all.

Q. When I say obligation I mean the same character of obligation as the capital stock of any company? A. No, I think not; of course, the capital stock is dead, but here is no indebtedness; the statute has made a provision whereby the lessee purchasing that stock, the road becomes merged to some extent at least, I can not determine how far, in the new, in the purchaser; the purchaser has no power to issue that stock to any person; he could not sell it, as I can see, and give life and vitality to it.

Q. What is it good for? A. It is only held, as the courts say, that there being a lease there must of necessity at all times be a lessor; so if at any time there comes reversion, some one must take the reversion, therefore they keep up as a fiction, the old organization.

Q. Then the consolidation is not such an organization as you create by a contract of merger? A. I think not.

Q. Were the two companies actually merged into one? A. I think not; yet to all practical purposes it is.

By Mr. Gleason:

Q. If you could issue it yourself, how can you put it up with some company as security? A. The purchase was really one transaction.

By Mr. Wade:

Q. It was held in the nature — A. Of a protection.

Q. Of a catch-all-and-let-nothing-escape. A. Yes, it was a blanket to bring in everything.

Q. Do you pay rent on that? A. No, sir; we own the stock and therefore we have no division; otherwise we would have to pay our \$70,000 a year under that lease.

Q. That would pay 10 per cent. dividend? A. Yes, sir.

Q. That was what it was intended for when the lease was originally made? A. Yes, sir.

Q. What I would like to get at is this; if you are able to state how much cash the Troy City Railroad Company received for its capital stock; I say cash, but I mean, or property? A. I can not

answer that; I can answer that in this way; under the deed of trust, the central trust were paid out of the bonds, the outstanding bonds of the companies, amounting to \$333,955 that had become due; as those bonds become due they were to be paid out of this \$2,000,000 bond issue by the Central Trust if, in the meantime, they had sold the \$2,000,000 bonds, they were to hold money and interest sufficient to pay them off.

Q. Let me ask you, some of those bonds run for quite a period of years that they were to be paid off; supposing they sold your \$2,000,000 of bonds at par for cash, they would have held in their hands, \$333,000, and enough more to have made the interest as it accrued, and matured from time to time? A. Yes, sir.

Q. What rate of interest did they pay your company for the use of that money? A. They wouldn't pay anything for that; they were not long time bonds.

Q. Some have not expired yet? A. Yes, but it is only three years from the time of the consolidation; I thought I had a copy of the mortgage; if I had, its recitals would show just those things; the idea was that most people would exchange the consolidated bonds for one of the new, was the idea, and some did.

Q. Now, you have got there \$34,000 of bonds that do not mature until January 1, 1897? A. Yes, sir.

Q. Forty-four thousand April 1, 1898? A. Yes, sir; that will accrue very shortly.

Q. They would, under that arrangement, be entitled to withhold \$44,000 and all the money required to make the interest from the time without returning any interest to your company for the use of it? A. That I do not say; I do not know the terms of the arrangement made between the Central Trust and our people; I do not know what those show; the books of our organization do not show it; I can show you this; first, there was that amount, \$333,955 was to be held of bonds to meet the old issue; about \$1,400,000; was paid of the stock of the Troy and Lansingburgh Company, which stands now in the name of the Troy City; some \$26,273 was paid for the stock of the Waterford and Cohoes to obtain control; there was then an outstanding floating indebted-

ness of the Troy and Lansingburgh road, and a portion of that may belong to some of the leased roads that the trustee also was to pay out of these bonds amounting to, as far as I can figure, to \$200,000 at that time.

Q. You know, frequently, stock goes with the bonds as bonus?

A. Yes, I know it; I have bought other bonds and stocks myself that way, but not the Troy City.

Q. Did the Troy City put out any in that way? A. I do not know that they did; I never heard of any that they did; I bought some in the Union that way; the Huckleberry of New York.

Q. The contract for the construction of the road is to pay in bonds and stock? A. Yes, that is often done; there was, before the Troy City consolidated with the Troy and Lansingburgh, there was a contract with the Troy City, I think with the Thompson-Houston Company, to electrify their road going up the hill to Albia, under contract.

Q. You paid 70 cents on the dollar for your stock? A. Yes, sir.

Q. Do you know what the Trust Company allowed your company for that stock? A. I do not know how much they did allow; I would have to go on presumption.

Q. The books ought to show that? A. The books do not show it, because I looked to see, myself, last night.

Q. Who was president of the company at the time that negotiation took place? A. Let me see. (Witness refers to memorandum.) James O'Neil.

Q. The president ought to know about that, hadn't he? A. I do not think he did; I do not think he knew about it; there were other men in at that time, in the arrangement.

Q. Who was secretary at that time? A. The secretary was Joseph Hager.

Q. Where does he reside? A. He resides in Lansingburgh.

Q. Was he here? A. No, he has not been here; he has not been very well.

Q. There was certainly some arrangement by which the Trust Company took that stock to dispose of for the company, or took it on its own account at a given price? A. Exactly.

Q. The company wouldn't be likely to put out \$2,000,000 worth of its capital stock without arrangement of any kind? A. Undoubtedly there was an agreement made, but I think not in writing, so far as I can learn; I know nothing about it personally; I am giving you what I understood was the way it was done; The Central Trust were buying up this stock of the Troy and Lansingburgh, and advancing money for that purpose; they advanced this \$1,400,000; they also advanced money to pay for electrical equipment of the road as it went along, and our construction account amounts to a little over \$2,000,000; they advanced the \$1,400,000 and kept back the \$333,000.

Q. You say your construction and equipment account amounts to over \$2,000,000? A. It stands on the book to over \$2,000,000; I have the secretary's statement here.

Q. That covers years and years? A. Yes; total construction and equipment account of the Troy City Railway and leased roads, \$2,006,714.92, June 30, 1895.

Q. That covers all that has been charged to construction and equipment account of each and every one of these roads from the time they were respectively organized? A. No, I do not so understand it.

Q. The figures I had in mind were the figures given by the Albany Company; when did it commence? A. It would take in the construction of the Troy and Lansingburgh and the Troy City road, but not the other three roads; it gives the items of construction and equipment separate for that amount; the construction was \$1,312,346.40; and for equipment, \$694,368.51.

Q. So you make the construction account nearly twice as large as the equipment account? A. That is the way it stands on my book.

Q. Now, the books of the Albany Company show the reverse? A. Some charge to construction account what others charge to equipment; I am not a bookkeeper and am not posted on it; I am merely giving the figures.

Q. Do those entries represent actual cash payments? A. I think so.

Q. Or do they simply charge up the bonds issued, irrespective of the amount of money realized on the same sale of them? A. No, I think that represents the regular outlay.

Q. Were any of the bonds sold at less than par? A. I understood the Central Trust took them at 90 cents on the dollar, which, at that time, was considered a fair market price.

Q. That would be \$1,800,000? A. Yes, I so understood; I want this put down that I so understood, because I am not speaking of actual knowledge.

Q. I understand much of this is in that shape? A. As far as that agreement of the Central Trust is concerned.

Q. If they took it at that price they could not have taken it as collateral? A. Except that they were to account for it at that price; they would not take it as collateral at 90 cents on the dollar unless they could sell them; no one would.

Q. They were 5 per cent. bonds, weren't they? A. Yes, 5 per cent. gold bonds; I know we thought at that time we were getting a good, fair market value, as things then stood.

Q. If the stock all sold at the same price you paid that would be \$1,400,000 more? A. About that; they had a little less than \$1,600,000 of stock; the stock outstanding was \$400,000 that had been issued; our books show those shares were issued.

Q. That would make \$3,000,000 at 70 cents on a dollar? A. Yes, but my understanding of that was that the stock was to be taken absolutely, and we were to be allowed par value on the stock.

Q. Then you got \$1,600,000 on that? A. Whatever there was; whatever the arrangement was; I understood that was it.

Q. Did you buy your stock of the Central Trust Company? A. My stock certificate came from George Bertine, and he represented the Central Trust.

Q. They allowed the company 100 cents on the dollar and sold it to you for 70? A. I don't know what they allowed; that was what I paid.

Q. And this required some negotiations by some one on behalf

of your company, as I understand you, and you do not know who the person was? A. I do not know who it was.

Q. Was Mr. Kemp at that time vice-president of the company?

A. I could not tell you about that, whether he was or not; I think not of the Troy City; he may have been of the Lansingburgh.

Q. He is now of the Troy City? A. No, not vice-president.

Q. He was vice-president in 1894; that one? A. I think he is of the Waterford and Cohoes and Troy and Lansingburgh; Mr. Mann is now; our first vice-president was Mr. Brady.

Q. Your president is Mr. O'Neil? A. Mr. Cleminshaw is now; Mr. O'Neil was at the time of the lease.

Q. Will you let me take that paper I gave you yesterday, Mr. Shaw?

(Witness hands paper to counsel.)

Q. Was this reconstruction done by the company or by contract? A. As I understand, it was done partially both ways; some by contract and some by the company hiring by the day.

Q. Who was the contractor? A. That was done by contract was done with the Thompson-Houston Company, I suppose; that was the old road leading from River street.

Q. Who is your bookkeeper? A. I think our only bookkeeper—we have a bookkeeper down stairs; the one who has charge generally is Mr. Hagen.

Q. Ought not some member of the board of directors or some officer to know just what the Central Trust Company did pay or allow to your company for the stock that was placed in its hands?

A. I have been trying to tell you that; I think I told you pretty nearly.

Q. You do not know the amount? A. I have stated these amounts which make up very nearly \$4,000,000.

Q. I will ask you this question; if the Central Trust Company paid to your company or allowed to your company \$1,600,000 for the stock that was issued to it in cash or its equivalent? A. I couldn't answer that directly, yes or no.

Q. That is just the point? A. Except I can say that I understood in the mortgage this \$300,000 is provided for, the floating

indebtedness of \$200,000, and they paid, as I understand, for the electrical equipment and construction of the road, and that the cost of that, as far as I understand it, was the greater part of this \$2,000,000 that stands for construction and equipment, and that makes a total of nearly \$4,000,000.

Q. If the road were to be sold to-day for \$4,000,000, the bulk of that \$4,000,000 would consist in the value of the franchise? A. A good part of it would; I do not know as I would say the bulk.

Q. You have only got 30 miles of road? A. Yes, but it runs around corners, and over bridges, and up hill and down hill.

Q. That may affect the operating expenses? A. Yes; it affects the cost of construction.

Q. I would like the contract of building 1,000,000 miles at his price? A. You wouldn't make anything; you can not build a road for \$15,000 a mile, I do not believe, in a straight line.

Q. Do you know whether the contract with the Trust Company was in writing or verbal? A. I understood it was verbal; I never saw any contract in writing or never drew one.

Q. I don't know but I asked you; does it own any of the stock now? A. Of the Troy City?

Q. Does the Trust Company? A. Of the Troy City stock?

Q. Yes, sir. A. I think not; I think the whole \$2,000,000 is outstanding.

Q. What is it worth now? A. It has varied since; I think it is worth now about 86; I think some sold the other day at 86; I have paid as high as 90, but not in the last year; I bought some last June at 81½, on the market, myself, but I understand now that the last five or six weeks that it now stands at 86.

Q. You have there the amount of taxes paid last year? A. Yes, sir.

Q. Give that? A. Do you want 1893, 1894 and 1895?

Q. Yes. A. Property tax, 1893, that was paid by the company, \$5,640.04; in 1894, \$5,636.43; in 1895, \$5,732.44; and then I have the franchise tax we paid the State the same years.

Q. What capital stock tax did you pay? A. That would be

here under franchise tax; the State tax; it is in that form; that contains all the State tax that we paid.

Q. Where is that? A. Right here.

Q. That includes your income tax, your gross earnings? A. That includes the tax on the income.

Q. Yes, but you have a capital stock tax to pay in December? A. That is the State tax, I guess, under what he has called franchise there; you might call that general tax of the State.

Q. The point is, does it include both the income tax and the capital stock tax? A. I think so; it shows everything that was paid to the State; that includes all that we paid to the State itself outside of our regular city, State and county tax, and corporation tax; now, in 1893, \$4,042.95; 1894, \$5,254.87; 1895, \$5,675.65, as appears upon the books of the company.

Q. Now, I think you stated your taxes were about 2 per cent? A. It is, in Troy.

Q. Your State and county tax would be less than that? A. Yes; it is made up of State and county and city.

Q. Assuming it is all 2 per cent.? A. In the gross; that is, all three would amount to 2 per cent. in the aggregate.

Q. That would make your assessed valuation \$286,622; do you know what it is? A. No; I do not; I never looked it up.

Q. That would be a pretty moderate assessment on a \$2,000,000 investment? A. It would if we did not owe \$2,000,000.

Q. It is a pretty moderate assessment on \$2,000,000? A. Even on that \$2,000,000, we owe \$2,000,000 on the bonds.

Q. That leaves you \$2,000,000 more invested? A. Yes; but they are not assumed to assess the full value of the stock.

Q. No, they are theoretically supposed to assess the value of the road. A. That is it; I know last year they attempted to put on the personal assessment of \$2,000,000 and I brought proceedings of certiorari and had it taken off.

Q. How much, to \$2,000,000? A. Yes.

Q. Assuming your road is worth what it has cost, you are assessed about 16 per cent. after deducting the indebtedness? A.

If we are fortunate enough to be assessed under what we ought to be, we can not complain.

Q. What? A. If we are fortunate enough to be assessed under what we ought to be, we can not complain.

Q. Where does Mr. O'Neil live? A. He lives in Troy.

Q. I wonder if he couldn't run down here in the morning? A. I do not believe he can give you any information on that at all.

Q. He signed these documents? A. We were directors in there originally, and it is my understanding they made the original agreement with the Central Trust.

Q. Then Mr. Kemp was one of them? A. He is out of town; his wife was taken sick and he had to go to Montreal; night before last he was telegraphed.

Q. What do you think of the idea of prohibiting a corporation to issue its stock and bonds and dispose of either or both of them for less than the par value? A. I think it would be a bad rule to establish; a bad law to pass; because advantage would be taken of it by designing men, at least, to wreck roads.

Q. It is that way now. A. It is not such a broad door; it is not such a wide, open door now as it would be with that.

Q. Supposing you and I were to start in to-day to build the Troy Street Railroad; would it not, as a cold business proposition, be better for us to pay for our stock at par, and use that money with which to construct and equip the railroad rather than to issue stocks and bonds of an equal amount, and get enough money out of the bonds to build it, and have the stock stand there as all water, practically? A. I would if you can sell the stock at par; that is the difficulty.

Q. If we were going in to make money, wouldn't that be the slickest way to make it? A. Yes, if —

Q. Take your own road to-day; it is like nearly everyone in the State; supposing there was no charge against the road to-day, except the actual cost of it, and that represented by capital stock? A. There is no doubt but that would be a good business way, and we would follow it if we were entirely satisfied it was a successful enterprise; but if it is an experiment, and we were not sure, we would rather some one would take a share of the burden.

Q. What do you think of the idea of prohibiting the issuing of bonds by a railroad corporation, except by assent of the Railroad Commissioners? A. I have been thinking of that; I have had that in my mind for the last two months, more or less, as to whether that would be a good idea; I am inclined to think it would; it would place the same embargo on it that there is on the issue on the increase of stock.

Q. Not to issue, but to increase? A. Yes, to increase it; so that could all be taken care of at the time you organized the company; it might be well to have such a law passed.

Q. To-day you can incorporate a railroad company for \$12,000,000 capital stock to build a railroad twelve miles long? A. You have got it a little high.

Q. No I haven't; they did it in New York where they did not build one-half of that; and Brooklyn, in fact, they did not build any. A. I can see where a road in New York city would be worth it, twelve miles long; the Eighth Avenue would be worth that to-day.

Q. Cost that to construct it? A. No; but it would be worth that in your hands, to me.

Q. You are talking about elevated roads. A. I am talking about the Eighth Avenue Surface Railroad; it has not been paying lately, but they expect to electrify it and it undoubtedly will pay then.

Q. Then we come down to this proposition, in what does it value consist; there is no tangible values of that amount? A. That is so.

Q. If the franchise is worth that amount, is it not right that the people should receive the benefit of that by way of cheap fare? A. Yes; as a general principle that would be true; but after all, the people do receive the benefit at the rate of fare charged to-day.

Q. I don't know; you take it in your own city, and, for instance, you paid out \$10,000 this year for care of streets, the burden imposed on you by statute; about one-half of the gross receipts of your road is paid to your road according to your superintendent's

statement, by people who actually work by the day or week for a living; now, these people are paying one-half of that \$10,000? A. Yes, sir.

Q. That is rather burdensome taxation? A. They are paying that if his proportion is right; it is not a compulsory payment.

Q. It is practically that. A. No.

Q. She can not walk from Lansingburgh to Troy every day? A. But she can not get any cheaper transportation.

Q. I concede that; but you say that the burden is taken off from the banks and corporations and large property owners of the city of Troy, and through your corporation it rests on laboring people. A. It comes off from the shoulders of the laboring people as well.

Q. A little bit of it. A. Not a little of it; their homes.

Q. You are talking about abutting property, paying expense of it. A. Yes; abutting property has to pay a certain portion.

Q. They are benefited by it, but the majority do not live there? A. Yes; just as a friend of mine says, I do not have any railroad in front of my house; I wish I did —

Q. Don't you see whenever the State taxes you \$5,000 it comes out of your earnings? A. Yes, sir.

Q. And every time you take it out of your earnings you take it from the money received from the patrons of your road. A. Yes, sir.

Q. One-half of those people work for a living; if you were relieved of this burden, you could correspondingly relieve those people? A. Yes, sir.

Q. Wouldn't that be more benefit to the city of Troy than your present system? A. I do not know; if you took off all the corporation taxes you would find a very heavy State tax here which would rest as well on the smaller property owners as well as the large, and the families of these working people own their homes.

Q. Our State tax is a bagatelle compared to our municipal tax. A. Our State tax, taking off the corporation tax, would amount to a great deal more.

Q. I am not proposing to take it off? A. I thought you were; I thought you spoke of taking it off from corporations.

Q. I say, as often as you burden the company with the payment of money for the care of the street or percentage to the city, or a tax to the State, you call upon it to require just so much revenue from its patrons? A. You require it to get the money in some form.

Q. The earnings of your road here with a three-cent fare, shorn of these things, and with a capitalization at its value, would pay a 5 per cent. dividend? A. No, you couldn't sell the stock at 50 cents on a dollar; I wouldn't give you 25 for it, reduced to three cents.

Q. I do not mean your seven-cent. fare to three cents, but your five-cent? A. We have three bridges where we have to pay a high rental, so we have to charge two cents more to the people coming to Waterford and Cohoes, riding around Troy; a man can start from the water-works and ride to the bridge, six or seven miles, for five cents; we voluntarily reduced it to five.

Q. Why don't the State build that bridge? A. It is a private bridge, built under a charter which the State can not take away; we have been trying to get a bridge of our own, but we can not do it.

Q. The State is building bridges across rivers all over the State? A. There is a limit to the State in its Constitution as to making bridges; as I understand, the State has no power to grant a franchise to erect any bridge within a mile of another to whom it has granted a franchise, and there is no place between those three bridges that would be a mile off from any of them; we tried it; we had the power to get the franchise if it was legal.

Q. What do you think of the idea of municipal ownership? A. I do not think anything of it; I think it would be the worst thing that could happen to this country or the State; as soon as the Republicans came in power a Republican conductor and motor-man would be employed, and the same with any other party; you wouldn't have any skill; you would have men flying over after it; they would cheat the city out of its money; there would be more

robbing among conductors; I do not know as there is much going on now, but there would be more; I do not think it wise policy for the State to take in its own hands the industries and operations by which its own people obtain a living; I do not think it is right for the State to take in its hands the railroads, even though they could make anything out of it; it would tend to put it in the hands of one great centralized power that would be worse than any corporation that you know of; the German Empire controls all their railroads, and they are run by the government, and France does the same, and I do not believe they have a better system of railroads than we have; of course, there you do not have the ups and downs of political storms that we have here; you know as soon as either party got in they would change the employees.

Q. We get an idea of that in our mail service? A. Yes; you can see from that; both parties do it; it is the spoils of office; you take the surface railroads of the State and put them in the hands of the State and they would become merely political juggernauts to ride over the people, you would have no remedy against the State, if anyone was run over and killed, unless the Board of Claims gave some.

Q. Are you sufficiently familiar with the operation of your road to know if you have any complaint from the overcrowding of cars? A. I have not heard any; the only complaint I know of is in a complaint in an action brought by a party the other day, claiming it was overcrowded, and that he got on and was crowded off and fell and hurt himself; that is the only one I know of; I have here the amount we paid for assessments since December, 1892, for paving assessments, if you want that.

Q. Will you ask Mr. O'Neil to come down in the morning and bring down the leases with him? A. Yes, sir.

Q. Have you got the mortgage to the Central Trust Company, a copy of it? A. Yes, I can send down a copy; I have a copy in my office and I will send it down.

Recess until 10 a. m., Thursday, September 6, 1895.

Pursuant to adjournment, the committee convened Thursday, September 5, 1895, at 10 a. m.

James O'Neil, called and sworn, testified:

By Mr. Wade:

Q. Mr. O'Neil, you were at one time president of the Troy City Railroad Company? A. Yes, sir.

Q. How long did you continue in that capacity? A. I think about six or seven months.

Q. From what time to what time? A. That I do not remember.

Q. Were you present when the stock of the company, a portion of the stock of the company, was issued to the Central Trust Company of New York? A. No, sir, I was not; I resigned.

Q. Who was the president at that time? A. Mr. Cleminshaw is president now, and I suppose he succeeded; he was president of the Troy City; is not that so?

Q. Did you have anything to do with the transactions or negotiations that resulted in the transaction of the issuing the stock to the Trust Company? A. As president?

Q. Yes, or in any other capacity? A. No, sir, I did not.

Q. Do you know anything about it? A. Only in a general way.

Q. Do you know what the arrangement was? A. No, sir, I do not.

Q. Did you understand from the others how it was transferred to the Trust Company? A. No.

Q. Or paid? A. No.

Q. Who took charge of the negotiations of the company for them? A. I don't know; I was an outsider; and very glad to be, too.

Q. Who was your predecessor? A. Thomas A. Knickerbocker.

Q. Where is he? A. Troy.

Q. Here this mortgage, Mr. O'Neil, the trust deed, seems to have been executed by you as president of the road?

Mr. Shaw.—No, by Mr. Cleminshaw.

A. The lease is all I signed.

Mr. Shaw.—When the mortgage came to be executed that was signed by Mr. Cleminshaw.

Q. Yes, that is acknowledged the 7th of November; you had been its president for about six months at that time? A. About six or seven months; I don't think it was more than that.

Q. What was done towards the reorganization of the road during the time you were the president? A. There was nothing.

Mr. Shaw.—The lease was made with the Troy and Lansingburgh.

A. Oh, something like that.

By Mr. Wade:

Q. Or the reconstruction of the road from horse to electric power? A. We were at work on the road; I have very little attention to it.

Q. Who was the active man for the road at that time? A. I suppose I was.

Q. It was during this time, as I am advised, that negotiations were made with the Central Trust Company to become trustee under the mortgage to secure the \$2,000,000 of bonds which the company gave? A. Not during my time.

Q. Had you any negotiations relative to that matter? A. No, sir.

Q. Mr. O'Neil, you were president of that company on the 7th of November, 1892, because at that time you executed the lease? A. Yes, sir.

Q. Now, on the first of December, following, this trust deed was executed? A. Is my name attached to it?

Q. But your seccessor's? A. I gave it very little attention and very little time; I had interests of much greater importance to me than the railroad.

Q. Someone had to take charge of the negotiations? A. I certainly did not.

Q. Someone had to negotiate with the Trust Company, and it seems a certain quantity of the stock, something like \$1,600,000 of the stock was issued to the Trust Company; now, that was not done without some negotiations, and I didn't know but you could tell, and I had you come down because I supposed you were the

person who did it? A. No, sir; I didn't have anything at all to with it.

Q. You did not have anything to do with the negotiations? A. No, sir; I can not call to mind, only in a general way, they reorganized the property; I gave the road very little attention.

Q. You do not know what man had charge of it? A. Not definitely; no, I can not say that I do.

Q. Was there any change in the board of directors during that time? A. I do not remember.

Q. Immediately prior to December 1, 1892, I mean?

By Mr. Shaw:

Q. The Berry's went out, didn't they, and others? A. Yes; that was earlier, I think, Will.

By Mr. Wade:

Q. Who was attorney for the road at that time? A. Were you, Mr. Shaw?

Mr. Shaw.— I was only along during the summer.

A. There was changes in the board; it is so long ago I can not call to mind just what it was.

Q. I do not know of anything more I wish to ask you about that, only I want to find some fellow who did that negotiating. A. I certainly did not do it; I assure you that.

Q. Did you ever hear of Yates, Clark & Co., of Philadelphia? A. No.

Q. Or Clark & Co.? A. I know of Clark, Dodge & Co.

Q. Did they have anything to do with it? A. I do not know; I heard their name talked on the street.

Q. Or B. Hollins & Co.? A. I do not know anything about them.

Q. Do you know of any action that the board of directors took in reference to the matter of issuing the stock to the Central Trust Company? A. I have no recollection now whatever.

Q. I guess that is all.

The committee adjourned subject to the call of the chair.

The committee convened at the County Court Chambers, in the city of Rochester, Monday, October 14, 1895, at 10 a. m.

Frederick Cook, having been called and duly sworn, testified as follows:

By Mr. Wade:

Q. Mr. Cook, you reside in Rochester? A. Yes, sir.

Q. And have for a good many years? A. Yes, sir.

Q. Since 1852? A. Yes, sir.

Q. You are engaged in business in the city of Rochester? A. Yes, sir.

Q. Are you in any way connected with either of the street railroads of the city? A. Yes, sir.

Q. What one? A. We have but one street railroad in the city proper; I am a director of that road.

Q. What is the name of that company? A. The Rochester Street Railroad, I think it is, is it not; the Rochester Railway Company; they have changed it.

Q. How long have you been connected with the company? A. Ever since its reorganization.

Q. And about when was that? A. In 1890, I think it was; I am not very safe on dates; I was in Europe.

Q. Was it at the time it was electrified? A. No, sir; it was previous to that time; when the new company started it was a horse railroad.

Q. The exact time you do not remember? A. No; I do not.

Q. That reorganization that you speak of, was that a consolidation of two or more companies? A. Yes; to a certain extent; there was a new company formed, which was called the Crosstown Railway Company, but they had just begun to lay their tracks and got ready to do business when those people from Pittsburg came here and bought the old company out.

Q. And acquired all the street car lines in the city? A. Yes, sir.

Q. And organized that into this company, the Rochester Railway Company? A. Yes, sir.

Q. Do you know how many street railroad lines there was in the city? A. There was only two, this old company and this Crosstown, which was about being started.

Q. Who were the Pittsburg parties who interested themselves? A. Sellers H. McKee and Murray A. Verner; they were the two moving spirits in that transaction.

Q. Did they become interested in the company? A. Yes, sir; Sellers H. McKee very largely, and Murray A. Verner not so much, as I understand it; that is what the books show, is all I know about it.

Q. At that time the motor power was horse-power? A. Yes, sir.

Q. How long did it continue in that way? A. If my memory serves me right, just as soon as this new company got hold it was accordingly turned into an electric road.

Q. Was that in contemplation when they acquired it? A. Yes, sir.

Q. Were you then a director of the company? A. Do you mean of the old company?

Q. Yes. A. No, sir.

Q. You became one at the time of the organization of the new company? A. Yes, sir.

Q. And continue as such up to the present time? A. Yes, sir.

Q. Do you have frequent directors' meetings? A. No, sir, I am sorry to say; there are so many directors that live in Philadelphia and New York that it is very hard to get a quorum; the directors' meetings, in fact, are only once in three months, any way, so it is very hard to get a quorum then.

Q. Are the Philadelphia parties Clark & Company? A. No; I do not think so; I think there is a gentleman by the name of MaGee, and I think also a man by the name of Cuyler.

Q. I thought you said McKee lived in Pittsburg? A. No; McKee lived in Pittsburg; MaGee and Cuyler are Philadelphia men, and there are also New York parties; the vice-president of the road is a New York man.

Q. Are you familiar with the operations of the road? A. Well, no; I have so many other interests my time does not permit me to.

Q. You are not actively engaged in the management of the road?
A. No, sir.

Q. Do you know about the extent of trackage the company has?
A. I am unable to say the number of miles, but that is a matter of record.

Q. Yes; I suppose so; now, at the time the old company was operated by horse-power, were you in any way interested in it?
A. No, sir.

Q. How did you acquire the interest in the new company? A. How did I?

Q. I do not mean you in particular, but all of you? A. It was bought outright.

Q. Did you organize a new company? A. Yes, sir; the way it was done, one of the old board would resign and one of the other side —

Q. That would be the old company? A. Yes; they would resign and the new company go in.

Q. It simply amounted to the purchase of the old company?
A. Yes, sir.

Q. You didn't organize a new company and then one company sell out to the other? A. No; I do not understand it that way; the stock of the old company was bought, and then the road changed its name; these other gentlemen may know more about it; I was in Europe when the negotiations were going on.

Q. So your connection with it was simply acquiring some of the stock and accepting the office of director? A. Yes, sir.

Q. But any part in the actual management of the road you have not taken? A. No; I was also elected later on as one of the executive committee.

Q. What does the executive committee do? A. The committee has the power to do anything that the board would have the right to do; and this executive committee consists also of — in fact, the majority of the executive committee live out of town; it is very hard to get a meeting of the board or executive committee.

Q. I suppose your executive committee was created for the purpose of diminishing the number necessary to come together to transact any business? A. Yes, sir.

Q. Is a majority of the stock of the company held by people outside of the city? A. I think so, altogether I am not certain of that, but I think a majority of the stock is held outside of the city.

Q. How many years have you run the road by electricity? A. Do you mean entirely by electricity?

Q. Yes? A. I should say two years now; that is my impression; perhaps a little over two years.

Q. Do you know what was required to change it from horse to electric power? A. The amount?

Q. No, in the construction; did you have to rebuild the road? A. Some of the rails were in poor condition and were taken up.

Q. It did not require entirely new construction? A. Not entirely.

Q. What is the amount of the capital stock of the company now? A. Five millions.

Q. Do you know the number of cars that are operated on the line? A. I could not say that; that is also a matter of record, of course; you see, most of them, with very few exceptions, the old cars were taken off and new ones put on, and the old stages have not been sold yet.

Q. Has the company paid any dividend since it was run by electricity? A. No, sir, I am sorry to say.

Q. What is the amount of the bonded indebtedness? A. There is \$3,000,000 of the first bonds, 5 per cent. bonds, and \$1,500,000 of five per cent. second bonds.

Q. Gold bonds? A. Yes, gold bonds.

Q. Then it is bonded for \$4,500,000? A. Yes, sir.

Q. Is there any other floating debt? A. Yes, sir, there is some.

Q. But the bonded indebtedness is \$4,500,000? A. Yes, sir.

Q. Do you know how the bonds were sold, at what price? A. I am not very definite on that point, because, as I say, I am away a good deal; there was some debentures which were bearing 6 per cent. which were afterwards transferred to 5 per cent. second mortgage; that I know; and the original bonds, there was some

new bonds issued whereby some of the old bonds which were under the old regime had to be taken up accordingly, and if I am not mistaken there was \$200,000 taken up the first of October.

Q. You took those up by exchanging? A. Yes, sir; and the old bonds lay in the trust company as security for the new bonds, and if I am not mistaken, there is \$35,000 more than the old bonds amount to, is there not, Mr. Briggs?

Mr. Briggs.— One hundred and twenty-five thousand dollars.

A. Oh, yes; 25 per cent.

Q. So you put into the trust company new bonds for the old? A. Yes, sir.

Q. And you put in 25 per cent. additional for security? A. Yes, sir; a little more than 25 per cent.

Q. How much was the old company owing at the time of the lease? A. That I do not know.

Q. Do you know the terms of the lease; how much rental did your company have to pay to the old outside company? A. It is not a lease.

Q. I understood Mr. Briggs to say it was a lease? A. Leased now?

Mr. Briggs.— No, the lease was afterwards cancelled by exchange of stock under the statute.

A. Oh, those are things for the lawyers.

Q. You do not understand about that? A. No; and I was away in Europe at the time.

Q. Do you know enough now about the operating expenses of the road to know whether its gross earnings are more than sufficient to meet its fixed charges? A. Yes, sir.

Q. They are? A. Yes, sir.

Q. And has it been so for some considerable time? A. I think it has for over a year or so.

Q. I mean fixed charges and operating expenses? A. Yes; I understand; you see, we have been rather unfortunate in one respect; last year the two main streets of Rochester where we have most of our traffic on were torn up, Main street and State street; they put in new pavements and new sewers, and that put us to a good deal of expense, besides interfering with the traffic.

Q. Does your road run into any suburban town? A. Yes, sir, one part runs to Brighton.

Q. Any other? A. It connects with other roads.

Q. What roads have you connection with? A. The Rochester and Irondequoit; and then we have the Charlotte road, and then we have the Bay road.

Q. Those are old separate companies? A. Yes, sir.

Q. But they connect with your road? A. Yes, sir.

Q. Are you interested in each of those? A. I am interested in that one of the companies that is leased, is owned by the Rochester Company; or rather, leased by it, the Charlotte road; the Irondequoit road I am interested in; that is a separate road.

Q. Were you one of the directors of that? A. Yes, sir.

Q. Did you say you were one of the directors in the Irondequoit road? A. Yes, sir; in fact, I am a director in every one of those roads.

Q. What is the road that runs to Charlotte, what is that called? A. Rochester Electric Railway Company.

Q. What others are there? A. Then there is the Rochester and Irondequoit.

Q. Yes, we have that; what is the Old Bay road called? A. The Rochester and Lake Ontario.

Q. Where does that run to? A. That runs to what is called Sea Breeze; that is in the section of the lake with Irondequoit Bay.

Q. Where does the Rochester and Irondequoit run? A. To Charlotte on the east side of the river.

Q. You have two running to Charlotte, then? A. Yes, sir, and then there is a ferry; they call it Summerville; Charlotte is on the east side of the river, but the place is called Summerville.

Q. You have three, the Rochester and Irondequoit, and the Rochester and Electric, and the Rochester and Lake Ontario running to Sea Breeze? A. Yes, sir.

Q. You spoke of the Brighton? A. That is the Rochester Railroad; that is our company proper.

Q. Take the Rochester and Irondequoit, how many miles has

that company? A. I should say about five miles from the intersection of that road to our line; five miles, I should say.

Q. About how many miles in length is the Rochester Electric Railroad running to Charlotte? A. I should judge that was about five miles from the city line, but seven miles from here.

Q. That connects with the city railroad? A. Yes, sir.

Q. What is the mileage of the Rochester and Lake Ontario? A. I should judge that was a little over six miles.

Q. Now, are the same persons members of the board of directors of each of these companies? A. I think the most of them are.

Q. And these suburban roads are owned substantially by the same parties that own the others? A. They are owned by the company.

Q. I mean the stock of the company? A. The stock, or the majority of the stock of the electric company is owned by the Rochester Railway Company.

Q. It is owned by the corporation itself? A. Yes, sir.

Q. How is that with the others? A. That is not the case; the Rochester and Irondequoit owns the most of the stock of the Bay road, and holds that road under a lease.

Q. And the Rochester and Irondequoit stock is not owned by your company? A. No, sir.

Q. That is owned by individuals? A. Yes, sir.

Q. And are those individuals the same individuals that own the city road here? A. Not altogether; some are and some are not.

Q. The boards of directors are not identical, then? A. Oh, no; there are some gentlemen directors in that road who are not directors of the Rochester road.

Q. Now, Mr. Cook, is there anything about the operation of these roads and their connection one with the other, and their system of transfer, if there is any, that you are sufficiently familiar with so that you can give the committee a clear idea of it? A. No, I do not think so; I have so many other interests that I do not devote any time to this.

Q. I know, and I do not care to detain you on these matters that others can testify to; they are matters of detail that you have not been personally connected with? A. No, sir.

Q. Mr. Chairman, I do not believe that we can advantageously devote any more time to the examination of Mr. Cook.

M. H. Briggs, having been called and sworn, testified:

By Mr. Wade:

Q. You are an attorney-at-law? A. Yes, sir.

Q. And are you the attorney of the Rochester Railway Company? A. Yes, sir.

Q. And familiar with all its business so far as it would come into the office of its attorney? A. Yes; I am also a director of the company.

Q. And are you familiar with the details of the management of the company? A. With some of them; not with the details of the daily management, but I am familiar with its general management and policy.

Q. Were you connected with the company, the old company, when it was operated by horse power? A. I was not connected with the company here which was known as the Rochester City and Brighton Street Railway Company; I was connected with the Rochester Railway Company when it did operate its line with horse power.

Q. That was after it was acquired by the lease? A. Yes, sir; the Rochester City and Brighton Street Railroad Company.

Q. And were you familiar with the methods by which the Rochester Railroad Company acquired the road of the Rochester City and Brighton Railroad Company? A. Yes, sir.

Q. In the first place, what was the capitalization of the Rochester City and Brighton Railroad Company? A. That I can not remember now; I do not remember that at this moment, Mr. Wade.

Q. Can you tell about what it was? A. It would be a guess, but I think it was \$5000,000; although that would be a matter of record with the Railroad Commissioners.

Q. I suppose that can be determined, so we need not spend any time on it, unless you are satisfied in your own mind as to the amount? A. I am not sure at all, because I never was in that company.

Q. Did you know about the number of miles of track that company had? A. According to my recollection they had something less than 40 miles.

Q. And when did the Rochester Railway Company acquire by lease or otherwise the Rochester City and Brighton Railway Company's road? A. I think it was in 1890.

Q. And how was that done? A. The Rochester City and Brighton leased its road to the Rochester Railway Company in consideration of a cash lease.

Q. How much? A. If I recollect right, it was \$140,000 a year.

Q. That was the entire rental? A. Yes, sir; these leases are, of course, matters of record in the clerk's office here, and with the Railroad Commissioners at Albany, and I state the amount subject to correction by the records themselves; but that is my memory of it.

Q. Were you one of the incorporators of the Rochester Railway Company? A. Yes, sir.

Q. And that was incorporated when? A. I think that was incorporated in 1890.

Q. Who were the promoters of that scheme? A. Murray A. Verner, of Pittsburg; H. Sellers McKee, of Pittsburg; Horace MaGee, of Philadelphia; Thomas De Witt Cuyler, of Philadelphia; Richard Clay, of Philadelphia; Cuyler, Morgan & Co., of New York.

Q. Is that the same Cuyler? A. No, sir; that is a different Cuyler: the active man that has always represented Cuyler, Morgan & Co. here is Benjamin S. Seabar; William S. Kimball, Rochester; Frederick Cook, Rochester; George E. Mumford,

Rochester; George Archer, Rochester; John M. Beckley, Rochester; I think there are some others, but those names occur to me.

Q. Can you give the names of the incorporators? A. They were the incorporators of the Rochester Railway Company and people that were interested in it.

Q. But was some one the man who conceived the idea, what is commonly called the promoter of the scheme? A. Yes; I think the man who was prominent in that direction was Murray A. Verner, of Pittsburg.

Q. That company was organized in 1890 with those gentlemen you speak of? A. Yes; and I think some others whose names I do not recall now.

Q. That company was incorporated with a capital of how much? A. Five million dollars.

Q. And it then made a lease of the Rochester City and Brighton Railroad? A. Yes, sir.

Q. For \$140,000 per year? A. Yes, sir.

Q. Or is that the correct amount? A. Yes; that is, subject to correction by the record.

Q. What was the indebtedness of the Rochester City and Brighton Railroad Company at that time? A. Eight hundred and seventy-five thousand dollars.

Q. Eight hundred and seventy-five thousand dollars? A. Yes, sir.

Q. That was in bonds? A. It was in bonds, yes, sir.

Q. Of what denomination? A. They were bonds—I think there was \$200,000 5 per cents, and the balance 6 per cents, if I recollect right, with different periods to run.

Q. You said \$875,000? A. Yes, sir; they had different periods to run, and if I recollect right, they were in four different issues, so that they expired at four different times, the last expiring, if I am not mistaken, in 1911, although upon that date I am not very positive, but I know it is still many years before the last of them will become due.

Q. Was there any provision in this lease for taking care of the indebtedness of the old company by the new? A. I think so; if I remember right, I think they were to pay the interest.

Q. In addition to the \$140,000? A. I think so; but even on that I could not be sure; I would like to look at the lease, because we never operated for any length of time under it, having taken it up.

Q. Who were the principal stockholders in the old company at the time that was done? A. At the time the lease was made the principal stockholders were some of the gentlemen whom I have mentioned; they had very recently acquired this stock, though by purchase, from George Ellwanger, Patrick Barry, Chauncey Woodworth, and two or three other small holders of stock.

Q. They had acquired the bulk of it? A. Yes, at that time.

Q. At what price, do you remember? A. I do not now recall, what price; I know it was a very large price running into the millions; but they had acquired this before I was attorney for them and I do not recall.

Q. But it was way above par? A. Oh, yes, very much above par, that I know.

Q. You told me you did not remember definitely the amount of the capital stock of the old company? A. No, I am not sure about that; I should have to go to the records for that; any of the old Railroad Commissioners' reports would show that.

Q. What amount did they pay in of the stock of the new company at the time they filed the certificate? A. I have forgotten that, too; there were two other roads here besides the Rochester City and Brighton that were turned over.

Q. I know, but they were absorbed in some manner by the new company? A. Yes, sir.

Q. You organized the new company with \$5,000,000 of capital? A. Yes, sir.

Q. That is stated in your certificate of incorporation? A. Yes, sir.

Q. Was there anything paid into the treasury of the new corporation at the time of the organization? A. Yes, sir; there was some, but I can not say what.

Q. Was it more than enough to pay the incorporation tax? A. Oh, yes; it was more than that.

Q. Has it ever paid anything in on that stock since then, in cash? A. Yes, sir.

Q. What assessment has been made? A. There was \$1,000,000 of that stock, I remember, sold on the market for the benefit of the company.

Q. One of the five? A. Yes, sir; and it was sold at the then market price of 35, and realized to the company \$350,000 in money.

Q. Was that after the lease? A. Yes, sir.

Q. I suppose the lease was made, Mr. Briggs, in contemplation of acquiring the road by the new company? A. Oh, yes; yes, sir.

Q. You first made your lease and then acquired your stock? A. Yes, sir.

Q. And then dissolved the old corporation? A. We did not dissolve; it became merged by operation of the statute, if you recall the statute.

Q. So it is now extinct? A. Yes, sir; that is extinct.

Q. There is no capital stock out? A. No, sir.

Q. No directors? A. No.

Q. No officers? A. No, sir; it has become absorbed; the statute provides it shall merge.

Q. And so of the other two companies you speak of? A. Yes, sir.

Q. So, Mr. Briggs, don't you know what the people who took the \$4,000,000 of stock paid for it to the company; I mean, direct? A. No.

Q. I can see they paid more by acquiring this other stock? A. No; a very large body of this stock was issued in exchange for the stock of the Rochester City and Brighton Railroad Company, which stock was thereupon surrendered and canceled; some of it was issued in a similar way, under the statute, for the stock of the Crosstown Railroad Company, and more of it was issued in the same way in exchange for the stock of the South Park Railroad Company, each of which companies were held under leases.

Q. And they were absorbed in the same way? A. Yes, sir; now, the amount of stock that was issued under each of those

leases I do not recall, but each of those leases are a matter of public record, and it shows exactly how much stock was issued in each case, but it was several shares of the Rochester Railway Company for each share of the Rochester City and Brighton, that stock having been sold very much above par.

Q. So that, barring the million of treasury stock that you retained there— A. The great body of stock was issued in that way under the provisions of these leases.

Q. So that the money which was actually paid for the stock of the new company, outside of the one million that you have spoken of was substantially all paid by acquiring the stock of the old companies and surrendering that and acquiring the stock of these new companies? A. That is as I recollect now.

Q. Are you able to give the capital stock of either of the other companies, the amount; take the Crosstown, for instance? A. I am not sure about that, but I think the Crosstown was a corporation that had \$150,000 in stock; I do not want to be very sure about those amounts; and the South Park, perhaps \$300,000; I am not very sure about those amounts.

Q. What was the old Rochester City? A. The city and Brighton, I told you I thought it was \$500,000.

Q. Can you ascertain, Mr. Briggs, so as to, after dinner, let us know the amount of stock of each of those companies and what they paid for it? A. Yes, sir; I think I can bring all those leases.

Q. That will not show the amount of stock? A. Oh, yes.

Q. Or the amount which individuals paid for that stock as they bought it from other individuals? A. No; I have no record of that; I am not sure whether I can find that out or not; I will see if I can.

Q. What was the mileage of the Crosstown road at that time, do you remember? A. The Crosstown road had only a little track down; they were the recently organized corporation, organized for the purpose of building an electric road; they were not in the actual operation of any lines; they had commenced to construct track and had a franchise from the city.

Q. They had no track laid, practically? A. They had some laid but none in operation.

Q. What was the condition of the South Park? A. That was in exactly the same condition; a corporation organized recently by Rochester people.

Q. And the other you said was 40 miles? A. Under 40 miles, as I recollect it now.

Q. Had the stock of the Crosstown road been paid for by the stockholders at the time you acquired that road? A. I believe that it had been, or at least largely.

Q. Do you know at what price? A. If I recollect right, it was at par.

Q. Actually taken at par? A. Actually taken at par; those roads were both organized by Rochester people with the intention of building the roads and operating thm.

Q. Had there been any bonds issued by either of those companies? A. No, sir; none whatever.

Q. Was that stock purchased above par? A. No; I think not.

Q. Did they pay par for it? A. That stock was not purchased by anyone; that stock was largely held by these gentlemen whose names I have given you; Mumford, Campbell, Cook, and Archer, etc.; held by them and continued to be held by them until they actually surrendered it into the Rochester Railroad.

Q. How was it taken; did they get several shares of the new company for one of that? A. I have forgotten, but the leases will show exactly the number of shares they surrendered and what they received.

Q. Will it show what they had actually paid in on the Crosstown road at the time of this transaction? A. No.

Q. Where are the Crosstown books? A. I think the Rochester Railway Company have them stored away.

Q. They would show? A. Without doubt.

Q. Unless there is someone that knows about it — I presume we will find someone that knows? A. Probably.

Q. And the South Park actually in the same situation? A. Yes, and organized by substantially the same people.

Q. Now, after having acquired these two other, or, in fact, the three companies, your new company started in to electrify the old road? A. Yes, sir.

Q. Has it constructed any additional road outside of the Crosstown and South Park? A. Oh, yes.

Q. Do you know about how much? A. They have now, I think, about 80 miles in the city.

Q. So, including what they have constructed on the Crosstown and South Park, they have constructed about 40 miles? A. Yes, and the Rochester City and Brighton.

Q. Now, to take up those roads, here was the Rochester and Irondequoit— A. And I will go back of that and say, the Rochester and Lake Ontario road was a little steam road operated from the city down to what is known as Sea Breeze, which is a point on Lake Ontario, and at the junction of the shore with Irondequoit Bay, and it is in the town of Irondequoit, this county; that road had been in operation for many years; a little pleasure road.

Q. Narrow gauge? A. No, it was a standard gauge road, but they ran open cars largely and a little, light engine; the Rochester and Irondequoit road I am not connected with in any way, and never have been, even as its counsel; that was a road organized about three years ago, and it was organized for the purpose of constructing a Charlotte road from the city line, from the north city line to Lake Ontario, and to the mouth of the Genesee river, and on the east side of the river; that road acquired, by lease, the Rochester and Lake Ontario road, and purchased it; before acquiring it by lease it did acquire, by purchase, the majority of the stock, but not the whole of the stock, of the Rochester and Lake Ontario, so that the two organizations are still maintained; I am not familiar with the terms of the lease, but it is a payment of a certain per cent. upon the capital stock; Mr. Smith tells me it is an annual payment of 15 per cent. upon the capital stock of the Rochester and Lake Ontario road; this Rochester and Iron-

dequoit has constructed its road from the city line down to the lake, on the east side of the river, following the river substantially.

Q. How many miles? A. About 5 miles, and it is a summer road and does not operate in winter at all; just for excursion summer travel.

Q. And it operates— A. And it operates the other road.

Q. The Rochester and Ontario? A. Yes, sir.

Q. Does that run in winter? A. I don't know whether they run in winter or not; they tell me they do run in winter an occasional train; that still operates with steam.

Q. It still operates with steam? A. Yes, sir.

Q. Each of the roads connect with your line? A. Yes, sir.

Q. What is the amount of the capital stock of the Rochester and Lake Ontario? A. That was \$65,000; 650 shares.

Q. Is it bonded? A. Not at all.

Q. All you have got there is the track and engine and cars? A. That is all, and right of way; oh, they have some real estate; they have quite a tract of land down at the terminus, and some pavilions and pic-nic places.

Q. That is leased at a rental of 15 per cent. on its capital stock? A. Yes, sir.

Q. What has your company to do with the Rochester and Irondequoit? A. Nothing; it is entirely separate.

Q. Does it own its own stock? A. No, sir; not a share of it; and the personnel of the stockholders is entirely different.

Q. Some of them are the same? A. There is Mr. Cook and Mr. Beckley and Mr. Archer who are in both companies, but the great majority of the owners of that road have no interest in the city road.

Q. And you have nothing to do with the operation of that road? A. Not at all, excepting that we sell them power.

Q. You sell the Rochester and Irondequoit power? A. Yes, sir; they have no power plant of their own.

Q. What is the capital stock of that company? A. I will have to ask \$1,000,000; Mr. Smith is the attorney for them and their

superintendent is here; I never have had any connection with them.

Q. There is the Rochester and Irondequoit and Rochester and Lake Ontario that are entirely separate from your Rochester Railway Company? A. Entirely.

Q. And with which you have nothing to do except you form connecting lines to the lake? A. Yes, sir.

Q. Do you measure the power you sell them? A. Yes, sir; we sell it to them by so much a car mile.

Q. And how much is that? A. Four cents, I think; I think it is 4 cents a car mile; although I am not sure about that, but it is by the car mile; I can easily ascertain the exact figure; I think it is 4 cents a car mile; Mr. Smith says it is not as much as that now.

Q. Mr. Smith, do you know how much it is?

Mr. Smith.—No; I do not.

Mr. Archer.—Two and one-half cents, I think it is now.

Q. By a car mile you mean you furnish the company power to run a mile over the trip? A. Yes.

Q. If it is five miles, and the price $2\frac{1}{2}$ cents a mile, the price would be $12\frac{1}{2}$ cents? A. Yes, sir; they keep track of the mileage.

Q. That is cheaper than generating the power? A. No, sir; we could not operate our road if it cost us as much as that to generate power; we do it less than that; there is still another road on that side that have not taken up, Mr. Wade, the Rochester Electric.

Q. That is the road your company acquired the stock of? A. The majority of the stock.

Q. That runs on the other side of the river to Charlotte? A. Yes, sir.

Q. That is about five miles in length? A. Yes, sir.

Q. Does that run winter and summer? A. Yes, sir.

Q. And it runs in connection with or by your company? A. It is run by our company now; it maintains its own organization.

Q. You say you have not acquired all the stock of that railroad company? A. No, sir.

Q. Consequently you have to maintain that organization? A. Yes, sir.

Q. And lease the road? A. Yes, sir.

Q. At what rental? A. Eight per cent. on its capital stock.

Q. What is its capital stock? A. Two hundred thousand dollars.

Q. Was that electrified when you leased it? A. Yes, sir; it was built as an electric road.

Q. What is its bonded indebtedness, if any? A. None; it never had any.

Q. It has no power plant? A. Yes, sir.

Q. The Rochester Electric has? A. Yes, sir; it was a complete road operating when we took hold.

Q. Do you operate it with its own plant? A. Yes, sir.

Q. That is five miles? A. About that.

Q. It owes no indebtedness? A. No, sir; nothing; not a dollar.

Q. What is it, double or single track? A. Double, with the exception of about 3,000 feet.

Q. So it practically has nine and one-half miles of track? A. About; yes, something about like that.

Q. And the eighty miles which you give us, your present road, means eighty miles of single track? A. Yes, sir; oh, yes.

Q. What is the character of the country over which this Rochester Electric passes? A. It passes right down a highway following substantially the river and descending — of course, descending all the way and towards the lake; the natural descent of the ground is that way.

Q. Is that a paved street? A. Oh, no; it was an ordinary country highway that had been taken over by a turnpike company and is now operated by a turnpike company.

Q. And this follows the side of the stream? A. Yes, sir.

Q. You have what you call side line construction? A. Yes, sir.

Q. Poles and irons? A. Yes, sir; most of it is "T" rails and poles and arms for carrying the trolley and feed wire.

Q. And you pay \$16,000 a year rental? A. Yes, sir.

Q. And you pay the taxes and interest in addition to the rental?

A. Yes, sir; and the lease contains also a provision that if the gross receipts from the operation of that road should exceed a fixed sum in any year, that then, in that event, there should also be paid in dividends on the stock, 25 per cent. in excess of the excess of that gross sum.

Q. Do you remember what that gross sum is? A. It never has exceeded it; it is in the neighborhood of \$55,000; if the gross receipts exceed \$55,000; that is not the exact sum; the sum is an odd sum; but it is about that; if they exceed that in any one year, 25 per cent. of the excess shall be considered as dividends.

Q. Above the \$55,000? A. Yes, in addition to the 8 per cent.; 8 per cent. is fixed any way, in any event.

Q. In other words, you calculate you can operate that road per year for about so much money? A. Yes, sir.

Q. How many cars do they run, on an average? A. On a warm Sunday in July and August they run them with four or five minutes' headway; four minutes' headway, perhaps; and in a bleak day in December, an hour or an hour and a half apart.

Q. How many cars has that company? A. That company, before it was taken under the lease, of its own, 11 motors and 10 trailers.

Q. Now, when you run the cars the way you speak of on some Sunday afternoon, you run its own cars? A. The City operates it with its own cars.

Q. You do not transfer when you meet that road? A. No, sir; they go right through from this point right here, at these corners; this road is a continuation of State street right through down to the lake.

By Mr. Gleason:

Q. Everything you have goes from this line? A. Yes, sir; everything centers here.

Q. Name that point, please. A. It is the junction of Main and State streets; what is known as the Powers Block.

By Mr. Wade:

Q. You have no way of knowing the amount necessary to operate that road separately? A. No, sir; not now.

Q. You collect an additional fare when you meet that road? A. Yes, sir.

Q. Of 5 cents? A. No, sir; they take passengers from any part of the system of the Rochester Railway Company to Charlotte and return, 25 cents; one way, 15 cents.

Q. How do you divide that? A. The City road, by its system of transfers, will give a transfer which will take them onto this line at this point from the other lines coming to this point.

Q. You have to do that anyway? A. Yes.

Q. Irrespective of the Rochester and Electric Railway Company? A. Yes.

Q. Supposing I go and buy a ticket? A. Before the lease — I know what you want; before the lease the through traffic was divided, two-thirds to the City road, two-thirds to the Lake road, and that is the basis upon which they now keep their books, to ascertain what the gross receipts of that road are; that road is credited with two-thirds.

Q. So they get 10 of the 15 cents single fare? A. Yes, sir.

Q. And of the return ticket they get two-thirds? A. Yes, sir.

Q. Credited to that road? A. Yes, sir.

Q. And five miles only? A. Yes, sir; and it loses money at that, seven months out of the year; it never has paid operating expenses for seven months in the year; never; it makes a great deal of money in July and August.

Q. Yes, but the year around it does not cost much money to operate it? A. Well, it never has; it operated four years without a cent of bonded indebtedness, never had any, and it operated four years without being able to pay a dividend; of course, there was some increase, some surplus all the time, which they put into betterments.

Q. You figured, in taking that road, a gross earning of about \$175 a day the year around? A. Yes, sir.

Q. It certainly ought not to cost \$45 a day to operate it. A. The running time from the lake to the four corners is 50 minutes; 140 minutes make a round trip; a conductor and motorman can not make a great many in a day; if you are running your cars with four minutes' headway, your pay-roll will be a great deal more than that.

Q. Oh, yes; it would for that particular month when they are making a heap of money; when you run down your pay-roll will not be anywhere near that? A. Oh, no; we sometimes have 32 cars on this line.

Q. Then you have a proportionate amount of receipts? A. Oh, yes; from what I know of that road I do not believe it has ever earned net, its 8 per cent.

Q. Tell me this, what is the grade; is it practically level? A. Oh, no; there is a drop; there must be a drop from the four corners here of 250 feet.

Q. In how many miles? A. Two hundred and fifty feet in going down from the corners here would be about eight miles.

Q. That is a pretty good grade; first rate. A. That is not a bad grade.

Q. What I mean is, have you any hills? A. Yes; we have two or three sharp rises.

Q. What is the grade, do you know? A. No; I can not tell you; there is a sharp rise coming away from the beach at the lake.

Q. How much of that stock, of the \$200,000 of stock, does your company own? A. I can not give the exact amount, but we own just about three-fourths of it; just about three-fourths; I think it is a trifle less than three-fourths.

Q. How long does your lease run? A. Fifty years.

Q. Who owns that other quarter? A. It is scattered; mostly owned here in the city by, perhaps, 25 different people.

Q. What is it worth now, do you know? A. The last sold that I knew of, it was sold at 140; I have known of its selling as high as 150.

Q. This is the Rochester and Irondequoit that parallels that? A. Yes; but on the other side of the river.

Q. Does its operation interfere with the receipts of the Rochester Electric? A. I think it does to some extent; it is difficult to tell that; sometimes the more of these roads you build the oftener people will ride.

Q. Now, Mr. Briggs, you found this road, when you leased it, built, its power-house complete, and it was then the owner of 11 motor cars and 10 trailers? A. Yes.

Q. And had a capital stock of \$200,000, all issued, and no indebtedness?? A. Yes, sir.

Q. And its power-house is of that capacity that enables you to run cars over its line four minutes apart? A. The moment those cars come on the city line then they are operated from the city power.

Q. I am speaking over its own lines. A. Yes, sir.

Q. For five miles? A. Yes, sir.

Q. That is quite a plant then? A. Yes, sir; it is.

Q. When was that put in? A. That was put in, I think, in 1889; I think it was the second electric railroad put in operation in this country.

Q. And at a time when electrical equipment was about at its highest? A. Yes, sir; they had the Thompson-Houston equipment, and paid about thirty-two or thirty-five hundred dollars for each motor equipment.

Q. And they paid for the generators nearly twice what it is now? A. Yes, sir; but the entire power was not put in at that time; neither did they buy all their cars at that time; they increased them along later.

Q. Are you familiar with the cost of constructing a street railroad? A. Not very much; I never have had much to do with that department; I know in a casual way what motors cost and what rails cost and what wire costs, because I have heard those things discussed in the board of directors, but I know nothing about the detail of the cost.

Q. Now, the Rochester Railway Company has \$5,000,000 of capital? A. Yes, sir.

Q. It has a bonded indebtedness of how much? A. There are two mortgages upon the property, one to secure its first-mortgage bonds of \$3,000,000.

Q. Those are all issued? A. No, sir.

Q. What? A. No, sir; I will explain that now; of that \$3,000,000 of bonds \$2,000,000 have been issued.

Q. Just wait a moment; go ahead. A. One million dollars were reserved and held by the trustee, a trust company in Philadelphia, for the purpose of retiring, from time to time, the \$875,000 of bonds that were outstanding upon the Rochester City and Brighton road; \$200,000 of this million have been recently issued for the purpose of retiring and have retired the \$200,000 of bonds of the \$875,000 that have matured; those were a 7 per cent. bond now retired; so that there is now outstanding of the old bonds that were upon the Rochester City and Brighton Street Railroad Company \$675,000, and as against them there is held by the trustee in the mortgage a loan and trust company of Philadelphia, \$800,000 of these mortgage bonds on the Rochester Railroad Company, and which are held expressly for the purpose of retiring that \$675,000 as they mature.

Q. Supposing they are retired dollar for dollar; then there is \$675,000 of the stock of the new company? A. Yes, sir.

Q. And \$175,000 to do something else with? A. Yes; now, the second-mortgage bonds were issued for \$1,500,000; prior to the making of that mortgage there had been issued by the company \$600,000 of debenture bonds, which were 6 per cent. bonds.

Q. For what purpose? A. For the purpose of getting the money for the purpose of building the road; they were sold in the market and the money retained on them and used; those bonds contained a provision —

Q. The debenture bonds? A. The debenture bonds contained a provision that if any new incumbrance should be placed upon the property they should be due and payable; when the second mortgage was made to secure \$1,500,000, one-half of that issue, or \$750,000, was held by the trustee for the purpose of taking up these debenture bonds as they should be presented; nearly all of

them had been actually turned in, as I understand, and surrendered, and these others issued to take their place; there are still outstanding some of those debenture bonds, and as against them still held a part of this million and a half issue.

Q. Dollar for dollar? A. No, sir; there is \$600,000 of the debentures, and \$750,000 held against them.

Q. Then you have \$1,350,000 of those out? A. Yes, sir; in that neighborhood.

Q. The other \$750,000 of this million and a half you have issued? A. They were issued; they were put on the market and sold at 80 cents and the company realized that money on them at 80 and used it in construction.

Q. Now, then, what other indebtedness has the company? A. It has some little floating debt, but not a great debt; I can not tell exactly what that is; you will have to call on the treasurer for that.

Q. So that you really have got out in stock and bonded indebtedness, \$9,225,000? A. Yes, sir; probably a little more than that; no, sir; about that.

Q. Then you have \$275,000 of bonds there that the company will have in case it secures the balance of these debenture bonds dollar for dollar? A. No; these second-mortgage bonds, as I told you, were sold in the market at 80; that was what the company realized on them; they can now be bought in the market at about 85.

Q. What are the debenture bonds worth? A. A little over par; for this reason the debenture or 6 per cent. bond and the second mortgage is a 5 per cent. bond; when this second mortgage was made and it was found that it could be negotiated only at 80, the company reserved \$750,000 of the bonds, with a provision that the holders of the debentures might surrender their debentures and take these seconds at 80, because the debentures were 6 per cent.

Q. Then you have practically \$150,000 more indebtedness than I spoke of? A. Yes; these others will come in eventually.

Q. So you have practically \$9,375,000 outstanding against your 80 miles of road and its equipment? A. Yes, sir; that is it.

Q. Do you know what the cost of constructing a mile of road in Rochester is? A. It depends entirely, of course, on the nature of the street and the pavement you put down.

Q. You have substantially the same kind of pavement? A. Oh, no; we have every variety known to the world — brick, stone, asphalt, macadam roads, dirt roads; we have everything that can be conceived of in the way of pavements.

Q. Yes; but what is the most expensive? A. I think the stone block pavement with a concrete foundation.

Q. Do you know what that costs per mile on your track? A. Oh, no.

Q. Are you able to give any sort of estimate; of course, your special construction enters largely into the cost of your road? A. Oh, yes; the construction at these corners is very expensive; we have 18 inches of solid concrete below the ties, under them; that is because of the immense traffic that goes over it to hold it there; that is very expensive.

Q. But you have not any idea that the road and equipment and whole business cost \$110,000 or \$120,000 a mile, have you? A. I do not suppose it would cost that to begin new to construct it, but if you were to take the money that has been put into it for thirty years.

Q. Of course you would want to charge off a little that has been taken up? A. This Rochester Railway never paid anything.

Q. I suppose the old horse line did? A. For about fifteen years that paid nothing, I think; it had to go through one or two foreclosures, as those things do.

Q. About what are your gross receipts? A. Our gross receipts are about — to you, in round numbers (witness makes computation) — the gross receipts are about \$70,000 a month; about \$840,000.

Q. A year? A. Yes, sir; about \$2,250 a day for week days, and something less on Sunday.

Q. Do you know anything about what your operating expenses are? A. I think our operating expenses run to about 65 per cent. of our gross receipts.

Q. Sixty-five per cent? A. I think so; I would not be sure about that, but it is in that neighborhood; I know we have had once when they run over that; we pay a tax to the city of one per cent. on our gross receipts.

Q. That amounts to about \$8,000 a year? A. Yes; that of course; it is addition to a license fee.

Q. License fee? A. Per car.

Q. You have to pay that also? A. Yes, sir.

Q. How much does that amount to? A. Five dollars a car.

By Chairman Nixon:

Q. For what, is that? A. For each car operated over the line.

Q. For trailers, motors and everything? A. Yes, sir; I believe that is the amount; then we pay one per cent. on the gross receipts to the city, and then after the expiration of 15 years from the time we began that is increased to two per cent.; then we will pay two per cent after that on the gross receipts.

By Mr. Wade:

Q. Your regular fare is five cents? A. From any part of the line to any other part of the line within the city.

Q. You have a transfer system? A. We give a general transfer; we give out on every line a general transfer good on every other line for ten minutes, to be used within ten minutes after reaching the point of juncture.

Q. Then it is expected the passenger will take the next car? A. Take the next car, is expected, but there are plenty of places he could have a chance to take two or three cars within ten minutes; we carry children under 12 years of age for three-cent fare.

Q. And transfer in the same manner? A. No, sir; we only transfer on a full fare; if they want a transfer they pay full fare; children under 5 years, nothing.

Q. During what hours of the day is your traffic greatest; I do not mean to incorporate in that, pleasure riding or excursions, but I mean the ordinary business? A. I am not sure about that; I think it is heaviest from 6 to 7 at night.

Q. And also in the morning? A. Of course there is a heavy traffic in the morning, but Mr. Hicks could tell better than I about that; Mr. Hicks says from 5 until half-past 6 in the evening and from half-past 6 until 7 in the morning.

Q. You have the same rate of fare then? A. Yes, sir.

Q. Now, that heavy traffic during those hours is occasioned by what? A. Occasioned by people going to and from their business.

Q. Do you have a good many laboring people riding to and from their work night and morning? A. Yes, sir.

Q. And you have a good many clerks and artisans and shop girls? A. Yes, sir.

Q. And that whole class of people are artisans of all classes? A. Certainly.

Q. And it is essential, Mr. Briggs, that those people have this means of transportation to and from their business; that is, is there any other way in the city to get to and from their business? A. No; they would have no other way excepting by walking and going on bicycles, which are largely used.

Q. A girl working at \$4 a week could not? A. She has a bicycle; besides, we do not work them at \$4 a week here; we do better than that; a very large number of girls and men in our shoeshop, for instance, now ride bicycles to and from their work.

Q. You would have to get your street cars all out of the street if they all get one? A. We will, I guess.

Q. Mr. Briggs, what would you think of the idea of reducing the fare on your lines to about three and one-quarter cents from 6 to 7:30 in the morning and from half-past 5 to 7 in the evening, so that any person could buy a ticket during those hours for that fare? A. I think it would result in the bankruptcy of the road and the foreclosure of the first mortgage.

Q. And in consideration of doing that you could be relieved of this car license and percentage on your gross receipts? A. The car license and tax on the gross receipts does not amount to anything like the sum as the difference it would make by the reduction of the fares you speak of during those hours.

Q. Have you ever had that under consideration? A. Oh, very often; very often.

Q. You know that that would not mean that every person who rode during those hours would ride for that fare? A. It would mean substantially that.

Q. Because you would sell a book of tickets good between these hours and no other hours? A. Yes; I know how that is; I know how that system is worked, where it is worked.

Q. Don't you think that the class of people that I have enumerated here as riding on your cars morning and evening are entitled to some benefit out of the street railroads? A. I think they get an immense benefit out of it now.

Q. Do you think that they should be paying fare to ride to and from their work, laborers, clerks and artisans, and a portion of that fare is to be taken out and pay the taxes for the New York Central road that runs through your city; that is what it amounts to, is it not? A. No.

Q. Why not; that \$8,000 gets into the treasury? A. Yes, sir; but nearly all the people of whom you speak are owners of their homes in this city; we have more owners of homes here than in any city of the size in the world, certainly in this country; that was the result of the census of 1890; the money that goes into the treasury is not to reduce the tax on the New York Central, but to reduce the tax of the man that owns \$750; he is relieved that much.

Q. You can readily see that \$8,400 going into the city treasury relieves every other corporation to just that extent, proportionately? A. Yes, sir; and also relieves the owners of little homes.

Q. Exactly, but the owner of that little home, riding back and forth to his work, is paying about \$12 a year for that relief; don't you think it would be advantageous for the city to have its laboring people transported through the city at the lowest practicable rate of fare, especially as they are going to and from their work? A. Yes; I think so; I think cheap transportation is very desirable everywhere.

Q. Do you think it good policy for a municipality to load a street

railroad down with obligations, if by relieving it of those obligations it will result in a cheaper rate of fare to the laboring people?

A. Those economic questions become very involved, you know, as there are so many considerations from every side, that it is very difficult to determine.

Q. To put it on a broad basis; wouldn't it be better for the city of Rochester if that \$8,400 that you pay in percentages was saved to the traveling public through the city here in cheaper fares and made up in the city treasury by a tax upon the property generally? A. I am not at all sure of that.

Q. You are certain of this, aren't you, that as long as your railroad is bound to pay that percentage, increasing as you say it will after a few years, that it is to that extent, at least, prevented from cheapening the transportation over its lines? A. Certainly.

Q. You do not expect to run your road for nothing, you can not, unless you run it into the ground? A. That is very obvious.

Q. Suppose you had the opportunity for a time to try a reduced fare, say a four cent fare night and morning, relieved of your percentage, would you be willing to try it? A. I can only speak, of course, as an individual.

Q. Certainly? A. I should not be willing to try it until such time as the floating debt of the company has been paid and earned something for the stockholders.

Q. I am trying to fix it so you will earn more? A. We would like that receipt.

Q. I can give it to you; you take, for instance, Mr. Briggs, the owner of the block in which we are at present; he may reside but a very few rods from his business; this is one of the principal blocks of your city; that individual owning a large amount of taxable property here, and very expensive property accordingly, gets upon your street car very rarely, never to go to and from his business; now, just so long as your company is compelled to pay a portion of its gross receipts into the city, these laboring men riding on your cars are helping to pay the taxes on your property; is not that so? A. Yes; and the thing is equally true every time they buy a pound of meat, they pay; they can not escape it when they buy clothes.

Q. Your meat market does not pay a license? A. That thing is carried on—

Q. There is no special tax fixed on that line of business the same as your railroad business? A. That is true, they do not make him take out a license.

Q. You pay a tax; no other line of business does? A. Saloons do; so every time he goes off the cars and goes in to get a glass of beer he is helping to pay each time.

Q. That is a different line of business; I refer to your general line of trade outside of special lines; you know this, a great many people to-day are claiming that the corporations ought to pay all the taxes of the city? A. I know that is claimed.

Q. You know they are urging that; what do you think about that idea? A. Well, I am rather a believer in the single tax system; I think all taxes probably would be better if levied directly upon land and collected that way.

Q. What would you call your street car track under that arrangement; land? A. Certainly that is land; I mean, railroad, something that is tangible and can be seen and not covered up; I think the only way to pay taxes is to labor and pay taxes, and pay the money in; that you can not escape paying taxes by indirection; that the man that labors is the man that pays it in the end; you had better put it on something that can be seen and can not escape, and it will result in greater equity than any other way.

Q. You see, the great difficulty of reaching equality of assessment is because there is not an effort to see, but an effort to avoid seeing? A. That is a result of the frailty of human nature.

Q. The world over? A. Yes, sir.

Q. You think if I owned all the bonds of your company here, over \$4,000,000 5 per cent. gold bonds, paying interest semi-annually, and I could board at the Powers' House, and properly, I should not be charged with any taxation whatsoever, supposing that is all the property I have got? A. Those are my personal and individual ideas.

Q. Personal property ought to go to a premium, in fact? A. We are running into an economic discussion.

Q. I am not discussing; I am trying to get some information? A. Perhaps it would be better to call an expert.

Q. I did not mean to go so far as this; but the other subject of relieving your company of the burden of paying a percentage and giving the class of people I mentioned the benefit of the relief, is a question to my mind worth consideration of every municipal government in this State, and every railroad company in the State; we have that thing in operation at Waverly and Sayre, and it works admirably, and it does not cost the railroad anything. A. I think that class of people in this city are very well satisfied with the service which they are getting at the rate at which they are paying for it.

By Mr. Nixon:

Q. They would not object to a reduction? A. No one objects to getting a service cheaper.

Q. Don't you think if they thought you could afford to give a reduction they would be anxious to have it? A. I think they would, but I think they are satisfied the company can not afford it; the company has extended its lines with very great liberality into the suburbs and among the homes of just this class of people. and they appreciate that thing and they know that many of those lines are extended and operated to-day at an actual loss; how much they may ultimately pay is a problem for the future; and they prefer to have that sort of extension rather than a reduction of fare; of course, if in the growth of the city at some future time, of new discoveries, more economic methods of operation, the company is able to operate at less expense than now, the reduction of fare would naturally follow; that has been the history of all these enterprises during the century, and is likely to continue, lowering prices everywhere for all kinds of service.

Q. What is the population of your city? A. The census of 1890 gave us 138,000, I think, or in that neighborhood.

Q. It is probably 150,000? A. We claim we have about 160,000 people here now; we claim that.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

M. H. Briggs, called, testified:

By Mr. Wade:

Q. Mr. Briggs, have you referred to the books since adjournment to enable you to state what was paid for that portion of that \$5,000,000 of capital stock that was actually taken by the stockholders? A. I find that for the surrender of the stock of the Rochester City and Brighton Railroad, that seven shares of the capital stock of the Rochester Railway was issued for each share of the Rochester City and Brighton surrendered and cancelled; that we have taken out three and one-half millions in stock.

Q. That left \$1,500,000? A. Yes, sir; I explained this morning, and the rest was put out for the stock of the Crosstown and South Park Railroads; I find that —

Q. How much were they? A. The Crosstown Railway was capitalized at \$150,000, and that there was two shares of stock issued for each one of that surrendered, which would be \$300,000; and the South Park Road was capitalized at \$100,000 and two shares issued for each one of that surrendered; the only mistake I made this morning in the figures this morning, was in giving the capital stock of the South Park Railroad; instead of as I said this morning \$300,000; the rest I had right.

Q. So that the money invested in the road by the people who organized this new company was invested in the stock of the old roads? A. Yes, sir, that is it.

Q. And from what source was the money raised that paid the corporation tax of the new company? A. I have forgotten now; I do not remember.

Q. Do the books show, or have you any means of knowing what price was paid for the stock of the Rochester City and Brighton

Railroad? A. No, I have no means of knowing that; that was a private transaction between individuals.

Q. Did you purchase any of that stock yourself? A. No, sir, not a bit of it.

Q. Can you give the name of any person who did? A. Oh, yes; Mr. Verner, Mr. McKee, Mr. Cuyler, Mr. MaGee, Mr. Clay.

Q. Who is Mr. Clay? A. Richard Clay is the president of the Solicitors' Loan and Trust Company of Philadelphia.

Q. Is there any person in Rochester who purchased any of the stock? A. I do not think there is; I do not think any of it was purchased here; these men in Rochester were in the other two roads, the Crosstown and the South Park road; they never were in the Rochester City and Brighton road.

Q. Who was in the Rochester City and Brighton road that sold out at that time? A. Patrick Barry, Chauncey Woodworth, George Ellwanger, James Whitney, Charles F. Pond, and some others I do not think of at this moment, and Charles S. Baker, were the large holders; I think they paid as high as \$1,000 a share for some of it.

Q. You say the entire capital of the old company was what? A. Five hundred thousand dollars.

Q. What made that stock as valuable as that? A. Because of the small capitalization of \$500,000.

Q. Had it been paying large dividends? A. No sir, it was because they had been using their earnings for twenty odd years and putting it back into the property; it was one of those institutions that grew up with the city.

Q. Instead of declaring dividends they put it back in? A. The three principle men very wisely — Mr. Ellwanger, Mr. Woodworth and Mr. Barry did not need the money for living, but preferred to put it in as an investment.

Q. Well, if the cost of extensions and electrifying the old road and the betterments was all paid by the money realized upon the bonds, except the floating debt that you speak of — A. Yes, sir, the floating debt, the bonds and the \$1,000,000 of stock that was put out at 35.

Q. And, Mr. Briggs, that was done principally with the \$2,000,000 of first mortgage bonds? A. Oh, no; the \$2,000,000 were put out, and then as I say, with it they sold this \$1,000,000 of stock, that \$350,000, then \$600,000 debenture bonds.

Q. I understood the debenture bonds existed before that? A. Oh, no.

Q. I understand you now. A. You must remember that this road was one of the first ones to be equipped and they made a good many mistakes; lots of electric railroads built in this State have profited by the experiments of this road; it cost more money to build and equip this road than it would to-day.

Q. Yes, it cost more than one-third more? A. I presume it did.

Q. I presume the building of the road would be practically the same now? A. We put down too light a rail in the first place; we have taken up all the rail in the principal streets and put down a 110 pound girder rail; we put too light a rail in the first place for the traffic; all those things cost.

Q. Do you charge anything for depreciation from year to year? A. I do not think that they have charged off anything here for depreciation; they put all repairs into operating expenses now, and I guess that they have been figuring that they kept it in as good shape as it was.

Q. Are you sufficiently familiar with the use of different rails, Mr. Briggs, to express an opinion as to the most feasible rail to use? A. I think so; I think that the girder rail, the ordinary pattern of girder rail, an ingrooved rail — I have forgotten the technical term, but it is a rail in that shape — (witness draws diagram on piece of paper.)

Q. That is the regular girder rail? A. That is the rail I think is best for use in all streets where you have to go in the travelled part of the street; where you go between the curb and the sidewalk, as we do in this city, for perhaps ten miles, then the "T" rail is the best.

Q. Why do you call that the best rail on any point, the girder? A. Because we find from experience that the pavement laid against that rail stands better than any other rail, and because

it operates with less wear and tear on the cars; the grooved rail increases your friction.

Q. You know the law prohibits the use of a center-bearing rail?

A. Yes.

Q. And if you were to recommend legislation upon that subject would you recommend a repeal of that statute? A. Yes, sir; because, in my judgment, it is the best to leave the detail of construction to the public authorities in each place where the work is to be done; I never have been familiar with a road where the center-bearing rail was used.

Q. That rail would not stand an electric car traffic at all, the old center-bearing rail that they used to use? A. No; of course, they could build it —

Q. The electrifying of these roads required a much more substantial roadbed? A. Certainly.

Q. In short, to make your road perfect for your electric cars, it would hold a locomotive? A. Oh, yes; certainly; you must have a solid track.

Q. Electrifying the roads has changed that feature of all the old horse car systems to the extent of practically requiring reconstruction of the road? A. Yes, sir; I do not think that we have in this city any track at all that was here under the horse car system.

Q. You know last winter a bill was introduced requiring the use of vestibule cars from the 1st of November to the 1st of April, I think, or May? A. Yes, sir.

Q. What is your idea of such a requirement? A. I should not favor it from what I have heard our men say of it.

Q. That is, your motormen? A. Yes, sir; our motormen.

Q. Did they state what reason? A. Some of our motormen have said to me that they prefer the open car on all days, except once in a while a day when there was a severe storm; that they found they were less liable to draughts and to discomforts on that account; that once in a while there came a very severe day when the vestibule would be a protection, but on averaging it

up for the winter they preferred to dress warmly and have the open end; the most of our cars are vestibule cars, though.

Q. Do you think, in your city, you would increase the dangers of operating your roads by enforcing the use of vestibule cars? A. I do not think you increase the dangers any.

Q. Take the storm that you speak of; of course, the snow and ice gathering on the window they have to let the window down? A. Oh, yes; they do let it down when they are in the crowded parts of the city; the outskirts where the population is sparse and where they can see a long stretch of street they close the window in front of them.

Q. Have you had many accidents on your road? A. A good many first and last.

Q. Do you use any kind of a fender? A. Yes, sir; we have a fender on all our cars.

Q. What is it? A. The Crawford fender is in use on our cars.

Q. How high above the track does that run? A. It runs down to about three inches; between three and four inches.

Q. Would you recommend the enforcing the use of fenders on all these motor cars in all places? A. No.

Q. Not any special fender, but a suitable fender? A. No; I would not.

Q. Would you recommend that in all crowded thoroughfares? A. I am unable to say whether the accidents have been reduced any by these fenders or not.

Q. Have you ever had any one go under the wheels of your cars where there was a fender in use? A. I do not now remember; I think there was one case, at least.

Q. Where the fender went over? A. Yes.

Q. Are you familiar with the fender in use by the cable company on Broadway, New York? A. There is no fender in use there.

Q. There is a guard in front of the wheel. A. It goes right under the car; yes, sir; I know that construction.

Q. Don't you think that is a good thing? A. Yes; I should think that was a good thing.

Q. There could not any one get under those wheels? A. No.

Q. They might get killed but they could not get under the wheels in one of those cars? A. Yes; of course, a cable car can not raise up as a trolley car can; they have got the whole weight of the cable on the grip; they can not raise up and run over anything; a trolley can go up anywhere.

Q. Have you given the subject of municipal ownership of railroads, street railroads, any consideration? A. Very little, indeed.

Q. Have you done so enough so as to satisfy your own judgment of the advisability of it? A. Yes, sir.

Q. I wish you would tell us your views. A. I do not believe that street railways can be successfully and economically managed by municipalities; is it in Glasgow where they have been trying to run a street railway?

Q. In Australia they have the worst time with municipal ownership. A. In the last few days I have seen a statement of the Glasgow road — if it is Glasgow — in which they show very bad results.

Q. In putting the trolley street railroads of Rochester under municipal control, do you think you would be likely to meet with a change of operating forces more frequently than by operating them by private enterprises? A. Yes; I think so; that would be one tendency.

Q. Do you think it would be indispensably necessary to the proper operation of the road that skilled men should have it in charge? A. Yes, sir; and that they should be held to pretty strict discipline.

Q. Now, there is one feature that you would obviate by that, and that would be the stock watering; do you regard that feature of railway business of advantage to the company, permitting the issuing of one or more millions of capital stock that represents practically nothing? A. I think that a reprehensible practice and of no advantage to the company.

Q. Take your own road here, and of course it stands upon your books charged with three or four times its actual cost? A. No; no; that is not the situation; there was a great enhancement of the value of the street car property —

Q. I do not mean that; I will assume, and very likely it is so, that the stock of the old company has become valuable, but eliminating the value of the franchise and come down to the actual cost of the roadbed, plant and equipment, and your railway here stands charged with a great deal more than that cost. A. A great deal more than it would cost to start to-day to construct it.

Q. Yes, or at any other time since they commenced electrifying railroads? A. But not more than the property has cost from its beginning; there is an increased value incident to the growth of population, just in the same way as there is an increase of value to the land on which this building stands, due to the growth of population.

Q. That attaches to the franchise itself? A. Yes, sir.

Q. That value? A. Yes; but that is a value that has been justly earned by the owners of the property; the very fact that they have put their money in has added to the development of the town and created a growth of population.

Q. But if you had a manufacturing business that you were running from year to year, you would charge off so much for depreciation of machinery and plant, would you not? A. I should.

Q. Now, do you know if a street railroad in the State of New York does that? A. I do not know of one that does it.

Q. On the same ratio, placing this road continuing 100 years, you could just as well say it has actually cost \$30,000,000 to \$40,000,000, if at any time it had not charged off anything for depreciation? A. Well, it would not increase in that way, if I had all that time charged all improvements and repairs not to new construction, but simply to operation.

Q. You ought not to charge repairs to new construction. A. I think not.

Q. You ought not to charge anything except actual betterments. A. That is my view of it.

Q. I suppose when you take up pavement here and relay you charge that to construction? A. No.

Q. What do you charge it to? A. We charge it to operation; if it is an old line; if we are extending a line up some street, and

new, we charge that to construction, but if we take up this track in this street and put it down again, and repave this street, we charge every cent to operation.

Q. Now, when you electrified this road you practically had to rebuild it, did you not? A. It has amounted to—

Q. Largely so? A. Oh, yes.

Q. Did you charge that to operating expenses or construction account? A. That was charged to construction.

Q. I suppose properly so, because it involved a construction of a road for entirely different traffic than it had been used for before? A. Yes, sir.

Q. Do you have any complaints here from overcrowding your cars? A. No, sir; I do not know that we do; our cars are very rarely crowded, except just at 6 o'clock, when the stores are all closing; then for a trip or two they are apt to be crowded very full, but no one complains of that; but during the great part of the day our cars are not crowded; I think we have rather of an unusual large mileage for a city of this size, and the reason is found in the physical conditions of the city, being a city that has no limitations on any side; we are just built on a plain and extended in all directions; most cities have a lake or river or mountain or something that shuts them up on each side.

Q. How many cars do you operate, do you know? A. About 110; 107 in operation to-day, I think, Mr. Hicks told me; we operate more in warm weather.

I think that is all I have to-day.

Thomas George Hicks, being called and duly sworn, testified:

By Mr. Wade:

Q. You reside in Rochester? A. Yes, sir.

Q. What is the business you are engaged in? A. Assistant superintendent of the Rochester Railway Company.

Q. How long have you occupied that position? A. In the neighborhood of eighteen months.

Q. Prior to that time were you engaged in the railroad business?
A. Yes, sir.

Q. In what capacity? A. Different capacities.

Q. At what place or places? A. First place I worked in the State street barn three months.

Q. Is that in Rochester? A. Yes, sir.

Q. That was when? A. That was in 1871; I have been in the employ of this company—

Q. Has your entire experience been in Rochester? A. Since December 17, 1871.

Q. You have been in the employ of this railroad in Rochester?
A. Yes, sir.

Q. In various capacities? A. Yes, sir.

Q. Are you familiar with all its branches and lines? A. Pretty familiar.

Q. And with the operation of its railroad? A. With the operation of its cars and such as that.

Q. The finances of the company you have nothing to do with it?
A. No, sir.

Q. And your connection is entirely with the actual operation of the road? A. Yes, sir.

Q. Have you ever occupied the position of motorman? A. No, sir.

Q. Or conductor? A. I have conducted, but not on the electric cars; on the horse cars I have.

Q. When they commenced changing the road from horse to electric power what position did you occupy? A. Foreman of the North avenue barns; they have five barns.

Q. Whereabouts is the plant of that company situated? A. The power house is on Center, Mill and State streets.

Q. How far is that from the junction here? A. Maybe a quarter of a mile; I do not think it is half a mile.

Q. Is it near the river? A. Close to the river; yes, sir.

Q. Where are your car barns; there? A. The car barns, I should say, are 800 feet west on State street.

Q. All in one? A. No, sir.

Q. Have you different places? A. We have different places.

Q. For starting cars? A. Yes, sir; the North and West avenue lines run to the North avenue barns.

Q. What particular branch of the business do you have charge of as assistant superintendent? A. Charge of the motormen and conductors, and starting cars, and see they are on time; looking after that generally.

Q. Sort of a general supervision of the operation of the cars? A. Yes, sir.

Q. Do you have anything to do with the repairs to the road? A. Not but very little.

Q. Who takes charge of that? A. The general superintendent looks after that and the track.

Q. Who is that? A. Joseph W. Hicks.

Q. He is the one that has gone to the convention? A. Yes, sir.

Q. Is he related to you? A. Yes, sir.

Q. How? A. A brother,

Q. How many cars do you say you are running daily, usually? A. We are running 107 now; it depends on the time of the year.

Q. During the summer season you have one or more summer resorts to which your line runs? A. We run a great many on the Rochester and Electric road down to Charlotte, the road this line leases.

Q. Now, you are running about 107 cars? A. Yes, sir; there are 103 on the city line and 40 on the Rochester and Electric.

Q. Do your duties require any supervision of the power station? A. No, sir.

Q. Do you know anything about that; that is, about its operation? A. Sir.

Q. Do you know anything about the operations of the company pertaining to the power plant exclusively? A. No, sir.

Q. All you are familiar with is the charge of the motormen, conductors and starting of cars and running of the cars? A. Yes, and figuring their schedules, etc.

Q. About what is your time; the fastest time you make? A. Different headways on different lines; Lake and South is 6½.

Q. Does that continue right through the day? A. Yes, sir.

Q. Do you make any increased facilities morning and evening? A. When it is necessary we do; if it is rainy and stormy we do.

Q. Your traffic is heavier then? A. Yes, sir.

Q. Do you run any trailers through the city? A. Yes, sir; when necessary.

Q. And do you run out in the suburbs in various places? A. Yes, sir.

Q. And do you run the same number of cars out there that you do morning and evening? A. Excepting times when it is necessary for more.

Q. I do not mean on especial occasions, but take to-day; now, and fair weather all through the day and evening, you will run the same number out in the suburbs through the day as you do in the evening? A. Up to 8 o'clock in the evening, yes, sir.

Q. Then your traffic is so limited that you diminish them? A. Yes, sir.

Q. Do you have any complaints from crowded cars? A. No, sir.

Q. Do you have crowded cars without complaint? A. Very few crowded cars, except maybe a few cars on each line at just 6 o'clock.

Q. What class of people patronize your road most morning and evening; any particular class? A. People that are going to work; there are some lines that the morning trips are light up to 8 o'clock.

Q. That is through the silk-stocking district, is it not? A. Yes, through the better district, lawyers and store-keepers and clerks; they do not go to work as early as the fellows that go to work from half-past 7 to 8 or 9.

Q. How many motormen have you in your employ on the regular and extra list, if you have an extra list? A. There must be about 260.

Q. And how many hours do those on the regular list work in each day? A. From eleven to eleven and one-half, according to the length of the road and how it figures out; you can not make it all come to the same minute.

Q. Do you pay them by the hour or day? A. By the hour, 14, 16 and 18 cents.

Q. Whom do you pay the 14? A. New men.

Q. How long are they with you before they get 16? A. Three months.

Q. What did you say, 14, 16 and 18? A. Yes, sir.

Q. Three months; at 18, how long must they have been with you to get 18? A. Nine months; that is three months and 14, 9 months and 16, and you get practically a year before they get to 18.

Q. They must be with you a year before they get 18? A. Yes, sir.

Q. And you think that in the year a man ought to become efficient as a motorman if he ever would? A. Yes, sir.

Q. Do you pay your conductors the same prices? A. Yes, sir.

Q. A man ought to learn in a year sufficient about the operation of a car to know all about running it in a year? A. Yes, sir; and he ought to be thoroughly posted.

Q. You find good men are so posted? A. Yes, sir.

Q. And become efficient in that time? A. Yes, sir.

Q. What sort of a system do you have for reporting accidents upon your road, if any? A. Every conductor has to make out an accident report immediately.

Q. Does your motorman have anything to do with it? A. Yes, sir; they assist the conductor in making it out.

Q. So your report actually comes from the two? A. From the two combined.

Q. From whom do you get the most accidents, new men or old men? A. Generally mostly new men, I should say; still the oldest ones I have known to be here 12 to 15 years still have accidents.

Q. Do you think they become a little reckless? A. No, sir; I think people become reckless sometimes; we had one yesterday

where a man jumped off a car and ran around behind and ran into the side of the car.

Q. He was in a hurry? A. Yes, sir.

Q. Your road is principally a double-track road? A. No; we have some single-track road.

Q. On your double-track road what is your rule approaching a crossing? A. If a car has stopped on a crossing the other should slow right down and run very slow in passing. Each motorman is supposed to ring his bell in crossing.

Q. Are your cars constructed so they can not receive and discharge passengers on the side of it towards the other track? A. They could be but they are not allowed to.

Q. Are your platforms open on that side? A. They have a door on each end, front and back; the front door would open towards the other track on the double track; the hind door opens towards the sidewalk.

Q. Then the other side of your platform is closed? A. Yes, sir.

Q. So it throws the rear end always away from the other track? A. No, sir.

Q. You can not discharge them unless from the forward end of the car? A. No, sir.

Q. You do not permit that? A. No, sir.

Q. Your rules require your motormen to be alone in the running of the cars? A. Yes, sir.

Q. Now, Mr. Hicks, I suppose you are familiar with the transfer on the lines? A. Quite so.

Q. Tell us just exactly what system you have and how operated? A. You can go from any point in the city to any other point where there is a street car line for one nickel.

Q. How do you do that? A. All cars center at State and Main streets.

Q. Does your conductor issue the transfer or do you have a man on the street? A. The conductor issues the transfer; it entitles a man to a transfer that is good for ten minutes after the car arrives at the intersection of State and Main streets.

Q. Do you have any other point extend that one? A. All the

transfers are punched State and Main time; for the four corner time.

Q. I notice you have some cars coming down State street this way, and they are branched towards the depot? A. Yes, sir.

Q. Do they transfer from that way? A. Yes, sir; people coming that way get a little more time.

Q. So they can get their transfer before they get to the junction? A. Yes, sir.

Q. Then they can get off above here and take the line over which their transfer is good? A. Yes, sir.

Q. So they do get more time with the transfer? A. The transfer is good until after they reach the first intersection with another line.

Q. You do not require them to come to the junction of State and Main streets to get the transfer? A. No, sir; a gentleman coming in can get a transfer and not come near there.

Q. What hour in the morning do you first start cars? A. At present, 5:35.

Q. And what time does your last car run at night? A. At 12 o'clock, with the exception of North avenue, that leaves at 12:30; it leaves the corners at 12 and goes to the end of the line and comes back; the North avenue car leaves at 12:30.

Q. What time does the last car get into the barn at night? A. Five minutes after 1.

Q. Your regular men, you say, put in about $11\frac{1}{2}$ hours? A. From 11 to $11\frac{1}{2}$ hours.

Q. How much time do the others get? A. Extras?

Q. Yes; now, you are running about 107 cars, I understand, and you have something like 300 motormen? A. Yes, sir.

Q. What do you do with them? A. It takes three motormen for every two cars.

Q. How is that; that would require about 150 or 160? A. And we have the others for extra business and extra occasions, and men laying off and sick men and such as that.

Q. You do not pay a man unless he is actually at work? A. We pay him when he works.

Q. Now, take to-day, how many different men will you actually have and work as motormen; you are running 170 cars? A. About 170 men.

Q. One hundred and seventy? A. Somewhere in that neighborhood, yes, sir.

Q. You have at least 107 regular men on that? A. There are about 170 regular men; we have men to pull the cars out in the morning, and then the men that come and relieve them.

Q. The man that goes on at 5 o'clock in the morning, works about 11 or 11½ hours? A. Yes, sir.

Q. That leaves the man who takes his car about seven or eight hours? A. No; the numbers are figured like this, a man goes on at 5 to 5:30; he comes off at 7:50 at night, with a dinner trip out of that.

Q. Who takes the car while he is at dinner? A. Another man takes his place.

Q. So that the actual time that he is on the road including his dinner hour is 12 or 12½ hours? A. Yes, sir.

Q. So the other man only gets in six hours.

Q. Oh, no; every man gets full time.

Q. I wish you would explain? A. A man may relieve for the dinner hour, four or five men, and then take a late trip himself; relieve three or four men and then may go on at 6 o'clock and run up until midnight.

Q. How many cars do you run from 5 o'clock until 7 in the morning? A. There is not any up until 5:35 in the morning; they start at 5:35.

Q. How many do you start then? A. The full force just as we can, as the schedule calls for them; at 6:30 they are all out excepting North avenue.

Q. At 8 o'clock in the evening how many do you pull off? A. We commence pulling off about 8:19 after the show loads are all down; then they pull one or two off each line and then they run until after 10 and then pull off another one.

Q. Do you have a regular system about that? A. Yes, sir; a regular system; each man can go and take his time right off from

the board; the regular man pulls in at 5:50; he pulls in every night at that time, and so on; if a man pulls in at 1:05 next morning, he pulls in every morning at that time, unless he is laying off for anything; they take their vacations, you know; instead of working seven day in the week, they generally want a day a week.

Q. Who is the superintendent of construction on your road? A. Mr. Baker is what we term track boss.

Q. Does he have charge of taking up and relaying the pavement where you do it? A. Mr. Hicks, my brother, generally looks after that.

Q. That is your brother? A. Yes, sir.

Q. Do you know anything about the expense of it; take the ordinary stone block pavement, what does that cost? A. About \$1.80 a yard, or \$2.

Q. That is, laid? A. No; in the yard, before it is drawn.

Q. I mean, what does it cost to lay the pavement? A. I could not tell you; that is something I have had no experience with.

Q. Are you familiar, from reading your city contracts here, of the cost of it, reading them as published? A. I could not say that I am.

Q. Do you know what the asphalt pavement costs here? A. Different prices; the asphalt costs from \$2.50 to \$3.50, I believe, per square yard; where you have to replace or alter the tracks, we have to pay the asphalt company \$2.50 to \$3.50.

Q. What is the difference? A. There is two or three different kinds of asphalt; rock asphalt, I believe, is the dearest.

Q. Have you been constructing any road, this system? A. A small piece on Parcells avenue.

Q. Is that street paved? A. No, sir; it is a dirt road.

Q. What does it cost to lay the road there, a single track? A. I could not tell you that; I have had no experience.

Q. You do not know the price of the rails? A. No, sir.

Q. Ties? A. Thirty-seven cents apiece, I believe, we pay for ties.

Q. What kind of poles do you use? A. It is according to the

part of the city it is; some places we have sawed poles and some parts round poles, and other parts iron poles.

Q. Who, in your company, takes charge of this and knows the cost of it? A. I guess Mr. Williams would know the cost of it.

Q. He is the treasurer? A. Secretary.

Mr. Briggs.— He is away; Mr. Baker knows; he is the president.

Q. You are not interested in the road except as an employe?
A. That is all.

Q. Do you believe it feasible to enact a law prohibiting the employment of men upon the street cars more than ten hours a day?
A. No; I do not.

Q. Such a bill was introduced in the Legislature last year, and I ask you if you would think it practicable here on your road? A. I do not.

Q. Do you get any complaints from your men as being compelled to work overtime? A. No, sir.

Q. Or do you get any complaints from your men from long hours? A. No, sir.

Q. You require a man when he comes to work in the morning to work through to the end of the day? A. Not if we have extra men and he wants to get off at any time.

Q. Assuming that you have no extra men, you do not expect him to jump up at 11 o'clock and say, "I don't want to work this afternoon?" A. Oh, no.

Q. But you expect, if I was a motorman and came and took my car at 5.35 this morning, that I would continue with that car, barring the dinner hour, until my schedule time for leaving in the afternoon? A. Yes, sir.

Q. That you do with all the men? A. Yes, sir.

Q. And you say you get no complaints from them that the hours are too long? A. No, sir; in fact, some of them want to work longer; a good many of them have bought houses and want to get out of debt.

Q. Do you get any complaint from your men of inadequate pay?
A. No, sir.

Q. Supposing they wanted an increase of wages, would they present that request to you? A. I suppose they would present it to the superintendent.

Q. Do you have charge of the hiring of the men? A. No, sir.

Q. Who does that? A. The general superintendent.

Q. So you do not have charge of the hiring or discharging of any men? A. Not while he is on hand; if the men are not carrying themselves straight I take them off until I see him.

Q. In his absense you assume the duties of his office? A. Yes, sir.

Q. Who takes the register off the cars? A. Who takes the statement or takes the register?

Q. Yes; I suppose some one goes and takes what the register shows? A. Yes, sir; Mr. Royce.

Q. Do you know anything of the amount of traffic? A. No, sir.

Q. Do you know the amount of traffic on the line as compared with what it was when the same line was operated by horse-power? A. I could not say that I do.

Q. Have you any line now that is the same in extent that it was when operated by horse-power? A. The same length?

Q. Yes; as it was then? A. Yes, sir.

Q. And what is the difference in time now required from your electric car to go over that line from what it was when they used horse-power? A. North and West avenue, I could as to that; we had one hour and twelve minutes to make it with horses.

Q. That is the same distance as you have now? A. Yes, sir.

Q. What is the time with the electric car? A. One hour and five minutes.

Q. Seven minutes difference? A. Yes.

Q. How long is that? A. Seven miles and seventy-two one-hundredths the road is, there and back.

Q. You are not running that car over eight miles an hour? A. Including stops and everything.

Q. Do you have any complaints from the patrons of that line, complaining that you do not run fast enough? A. No, sir.

Q. What is it, a hilly line? A. No, sir; there is one hill on the north end; it is a gradual hill from here to the hospital.

Q. Pretty good grade? A. There is only one good grade on it; that is about a quarter of a mile, on North avenue.

Q. You mean it is an easy grade? A. Yes, sir; it is an easy grade, excepting one-quarter of a mile.

Q. And you spend an hour and five minutes on a three and one-half mile line? A. Yes, sir; it is 3 72-100.

Q. I thought you said 7.72? A. That is a round trip; we make a round trip in one hour and five minutes.

Q. Are you regulated by the city ordinances; is your speed regulated by city ordinances? A. I understand it is.

Q. What is the maximum limit on that line? A. Fifteen miles per hour.

Mr. Briggs.—That is on the outskirts; part of it is in that territory and part at eight miles.

Q. What is the lowest rate of speed prescribed by your ordinances in any part of the city? A. Six miles an hour, I think.

Q. Do you have anything to do, Mr. Hicks, with the subject of conductors knocking down fares? A. No.

Q. What is the official that has to do with that subject, if you have any? A. Mr. Hicks generally handles that if there is any caught at it.

Q. Do you have some experiences of that kind? A. Yes; once in a while.

Q. Now, are you sufficiently familiar with that so that you can estimate about the percentage of loss to the company from that feature? A. No; I am not.

Q. Do you know of any one connected with the company that is? A. I could not say that there is, except Mr. Hicks.

Q. Have you heard it talked that they have made any estimate? A. Not to my knowledge.

Q. If an accident happens to me, where does that report go? A. To the superintendent or the adjuster, either one; they get it as quick as they can.

Q. Do you, as assistant, have knowledge of all the accidents upon that line? A. Pretty much all.

Q. From the reports, I mean? A. Pretty much all; yes, sir.

Q. How many accidents have you had during the year 1895, resulting in the death of some person? A. In death?

Q. Yes, sir. A. Not any.

Q. Nobody been killed on the line this year? A. Not since the 27th of October, 1894.

Q. And how many have you injured? A. Very few, to any extent, but I couldn't tell you just how many.

Q. About how many do you carry in a year?

Mr. Briggs.—We carry about 70,000 different people a day, taking transfers and all; about 50,000 original fares and about 20,000 transfers a day; that is, in that neighborhood, in round numbers; so it means really 70,000 different people in and out of the cars.

Q. How many people have received fatal injuries in and about the track?

Mr. Briggs.—No one.

Q. You know of no person that has met his death by the street railroad company during that year? A. No, sir.

Q. How recently have you had an accident on your line by colliding with some person or being? A. Yesterday.

Q. Yesterday? A. Yes, sir; a man got off the cars, I said before, and ran around the back and ran into the other one; he ran into the side; he didn't get in front of it.

Q. Was it anything serious? A. I believe it knocked two or three teeth out.

Q. Threw him down? A. Yes, sir.

Q. Do you have a rule by which passengers are required to remain on the cars until they come to a standstill? A. Yes, sir; some force themselves out.

Q. I know, but do you have such a rule printed and put up in each of your cars? A. I couldn't tell you whether it is in every car.

Q. Do you have them in any? A. I do not think there is, about the requiring people to stay on the cars.

Q. What I mean is, on some of the roads is a printed notice on each end of the cars, on the window, requiring each passenger to remain on the car until it comes to a standstill? A. We have a printed notice on each end of every car for passengers to go inside.

Q. That is, to prevent their riding on the platform? A. Yes, sir; the heading of the sign is "Danger."

Q. You disclaim liability for people who ride upon the platform? A. Certainly.

Q. On this card do you notify them if they ride there they ride at their own risk? A. Yes, sir.

Q. In addition to that, do you have any notice for passengers to remain in their seats until the car comes to a standstill? A. No, sir; not that I know of.

Q. Do you run any open cars? A. Yes, sir.

Q. Do those have bars on the side? A. No, sir.

Q. How are they? A. They are the same as with the vestibule, with door and an aisle in the center.

Q. A row of seats on each side of the aisle? A. Seats for two, so they all ride facing the way the cars go; some of them were originally old horse cars; you entered on the side; they were cut out at the end, and they walk right in the rear end; a side wire-screen on the aisle so they can not put even a hand out; they can not enter from the side; we have no cars that they can enter from the side.

Q. And, of course, the platforms, then, on those open cars are arranged the same as your closed cars, so the person getting in or off the car must get on or off from the opposite side from the track? A. Yes, sir; that is true of all our cars, trailers and all.

Q. I want to ask another question about the meeting of cars upon the street; supposing one car going west has just stopped to let off passengers and your car from the east comes along at that time; does that car from the east, is it permitted to continue its course, or must it come to a stop? A. It must come right down to almost a stop.

Q. Is it allowed to keep moving? A. Just moving at the back end of the car.

Q. To illustrate that, here is your street crossing; your car going west crosses the street before stopping to let off or take on passengers? A. It stops at the opposite crossing, of course.

Q. That is true on all your cars? A. Yes, sir.

Q. Your car going east meets it? A. Yes, sir.

Q. Before it could stop or take on passengers it would have to cross the street, the cross street? A. Yes, sir.

Q. Do you allow it to continue moving while the car standing there is letting off passengers? A. It comes almost to a stop; the power is thrown off, so it barely moves.

Q. Don't you think that if you had a requirement or rule prohibiting that car going east from passing the one going west until the one going west had started, that you would get rid of an element of danger there; you know, people going off from this car are very liable to go around to the rear end of it at once, and your car going east can not be seen until they pass around the end of it pretty near on the track? A. They are supposed to have their car under control.

Q. I know, but if you allow it to move, your motorman will not always have it so; if you required it to stop don't you think you would get rid of an element of danger there? A. It might possibly, but I never heard of an accident in that way.

Q. In many of the cities they require no cars to pass in that way, or permit no cars to pass in that way; they must stop, so as to be sure there are no passengers going around the rear ends of the cars; do you get the idea? A. Yes, sir.

Q. You do not have that here? A. We require every car to nearly stop.

Q. That simply means this, that the motorman is to have the control of his car so he can stop it instantly? A. Yes, sir; I do not remember having an accident in that way.

Q. Take one of your cars running six miles an hour, in how short a distance can it be stopped? A. It depends on the condition of the rail, sometimes.

Q. If the rails are in normal condition? A. Some of our rails are seldom in normal condition; a sprinkler comes along and greases them up.

Q. Then that must be normal? A. Anywhere from 6 to 40 feet.

Q. I know, but your motorman knows that he can stop that car in less than 40 feet, doesn't he?

Mr. Briggs.— It depends on the rail, the weight of the car, and the number of passengers in, etc.; the conditions vary, and it is never twice alike.

Q. Let us assume he has a car full of people, with a track that is dry, and the car running six miles an hour; that he is an efficient motorman, and he knows how to handle the brake; in how short a distance can he stop that car? A. With his track practically dry he could stop it in 30 feet.

Q. Couldn't he stop it in 6 feet? A. I doubt it.

Mr. Briggs.— Of course you are assuming a level track.

Mr. Wade.— Certainly; 6 miles an hour is just about a third faster than you walk.

Q. But you think that stopping it under the most favorable circumstances, going 6 miles an hour, would be 30 feet? A. Anywhere from 25 to 30 feet.

Q. Suppose it was going at about the rate that you require these cars to proceed when meeting another letting off passengers on a crossing? A. The cars would stop, under ordinary circumstances, the minute a man twisted his brake; the power is off, generally.

Q. About how fast are they going then? A. Just barely moving until they see the road is clear.

Q. Then there is not any advantage to the company in that order having them come to a dead stop? A. The biggest part of them do come to a stop when they see them letting off passengers; at the present time you can go up any of these streets and see that.

Q. What kind of a brake do you use on your cars; uniform? A. A ratchet brake.

Q. Have you ever had any experience with air brakes on your cars? A. No, sir; we never had any.

Q. So you do not know, then, about what the cost of operating an air brake on one of these cars would be? A. No, sir; I have never seen one on an electric car.

Frederick P. Allen, called and sworn, testified:

By Mr. Wade:

Q. Mr. Allen, you reside in Buffalo? A. I do.

Q. What is your occupation? A. Cashier of the German-American Bank principally.

Q. Are you also the treasurer of the street railway company here? A. I am.

Q. And as such you are familiar with its business? A. Yes, sir.

Q. And financial operations? A. Yes, sir.

Q. And its books? A. Well, not particularly familiar with its books.

Q. Who keeps the books? A. The books are kept at the office; I do not go there very often; I sign all the checks.

Q. Are the books under your supervision? A. Well, I should say not; of course, I have access to them.

Q. But, as a matter of fact, do you give directions? A. I do not pay any attention to them.

Q. Do you have anything to do with charging up certain items to construction account and certain items to operating expenses? A. No, sir.

Q. And do you know anything about what particular items go into the various accounts? A. I do not, excepting as I might notice the different checks that were drawn.

Q. I suppose that would not be such as to enable you to state it from recollection? A. Oh, no.

Q. How often do you take off a balance sheet from your books? A. They take off a balance sheet monthly, I presume; I never take one off.

Q. I mean in the office; you are one of the directors? A. No, sir; I am not a director.

Q. Do you see that monthly statement from time to time? A. As a rule, I do; it is just as it happens; if I am at the office and want to see I do see it, but I do not suppose I see all the statements during the year.

Q. As the treasurer of the company, what particular duties do you perform? A. The chief of my duties seem to be the signing of checks.

Q. Are those filled out for you? A. They are filled out and sent up to me.

Q. So you do not O. K. the accounts that go into the checks? A. No, sir; I do not know anything about it.

Q. Whatever is filled out you sign? A. Whatever they fill out; they are signed by the secretary or treasurer or some responsible officer before they come to me, and I rely on that.

Q. Are there any of the operations of this company with which you are actively engaged? A. No, sir; except occasionally borrowing money; I have been more or less active in the past few years.

Q. Does that require some activity at times? A. It has in some of the years past; in 1893 it required some especial activity.

Q. That was a common occurrence in 1893? A. Yes.

Q. Do you know the amount of the floating indebtedness of the company at the present time? A. No; you mean by that, the outstanding bills payable and the accounts payable?

Q. I do not mean current bills? A. I do not suppose the current bills amount to very much any way.

Q. If it is carrying any indebtedness of any particular amount outside of its bonded indebtedness? A. The indebtedness is less than \$100,000; my recollection is that it is in the neighborhood of \$75,000.

Q. And that is in addition to the bonded indebtedness? A. Yes; that varies, of course, from time to time; I should say that was about it now; that is represented by bankable paper.

Q. Do you know enough about the operations of the company

to know whether its business is increasing? A. Yes; it is increasing.

Q. Do you know whether the expenses of operation increases proportionately? A. That I could not say.

Q. Or, in other words, do you know what per cent. of its gross earnings is in operating expenses? A. No, sir; I could not say that.

Q. Sixty-five, I think you told me, Mr. Briggs; do you know whether that is increasing or diminishing? A. I should have said it was less than sixty-five; of course, it varies as to the season of the year.

Q. It is more in winter? A. Yes; it is somewhat larger in winter than in summer; I do not think that the operating expenses vary very much; I am quite sure they have not increased noticeably.

Q. Do you know whether they have diminished appreciably, say within two years? A. The ordinary operating expenses; no.

Q. Yes, whether that percentage has diminished? A. No; I could not speak certainly as to that.

Q. I suppose the balance sheet put out from month to month would show that? A. Yes; I notice it from time to time but I do not carry it in my mind.

Q. Are you familiar with any other roads, or the operation of any other roads than this here? A. No; I am not.

Q. How long have you been the treasurer of the company? A. I should think it was in 1891, I think, or 1892, possibly.

Q. That was your first connection? A. I do not remember the exact date; yes, sir.

Q. Does the road keep its bank account with your bank? A. Yes.

Q. Are you familiar with the transaction by which the promoters of the present company acquired the stock of the old company? A. No, sir; I don't know anything about it.

Q. Did not have anything to do with it? A. No; I, of course, heard in a general way at the time; I was not connected with it in any way.

Q. You were not connected with the old horse car line? A. No.

Q. Do you know substantially the amount of money which the company received from the disposition of its bonds? A. No, sir; I could not say.

Q. Did you have anything to do with that? A. No; that is, you mean its first mortgage issue?

Q. It has got first and second. A. The second mortgage bonds were sold at 80 cents; I was the treasurer at that time, at the time they were issued.

Q. Some of those were set aside to take up those debenture bonds? A. Yes; \$750,000.

Q. I think Mr. Briggs said that a million was held. A. There was a million held to retire underlying issues which were on the road at the time of the purchase, but those were the first consolidated bonds, and \$750,000 of the second mortgage bonds were retained to retire the \$600,000 of debentures; that was at 80 cents; the holders of the debentures had the option to exchange for those bonds at 80; they have exercised that option to some extent, but the extent I do not know.

Q. Do you think it was good business enterprise for this company to put out those second mortgage bonds at 80 cents on a dollar? A. Well, yes; of course it would have been better to put them out at a higher price if they could have got a higher price, but they had to do something.

Q. By whom were those bonds taken? A. They were taken, mainly, almost entirely by the stockholders of the company.

Q. Those bonds at 80 were? A. Yes, sir.

Q. So, then, it did not make so much difference to the stockholders what price they were put out at? A. No; not to the stockholders; they all had an opportunity; in fact, they all were urged to take the bonds proportionately to their holdings of stock.

Q. Do you think the law ought to permit the stockholders of a corporation to issue its obligations and secure those obligations by mortgages upon the corporate property, and then the stockholders themselves to take those obligations at 80 cents on a dollar? A. Well, but who are you going to get to take them?

Q. If you were to pass a statute to-day governing corporations of this character, would you permit a transaction of that character? A. I can not see any objection to that.

Q. Behind all this is an issue of \$5,000,000 of stock? A. Yes, sir.

Q. That never put into the treasury of this company more than \$300,000, except as it was done by the stockholders purchasing the stock of the old company and then making the transfer, and so you see it makes your railroad stand here to-day charged with between \$110,000 and \$120,000 a mile? A. Yes, but here is the point; in order to perfect their system and put the road in the physical condition it is to-day they had to spend a lot of money; that money had got to be represented as long as they did not have it in cash, and it had to be represented by the bonded or floating indebtedness; now, a floating indebtedness to that extent would be very embarrassing to the company and consequently to the stockholders, and the funding of it was a good thing for the stockholders, inasmuch as it put it in a condition where it could not embarrass their stock holdings.

Q. That benefit to the stockholders was increased to the stockholders by their taking the bonds at 80? A. Certainly, but the company would have been very glad to sell the bonds to any one who would buy them; the stockholders took the bonds because they thought it a good thing for their stock to do so.

Q. Supposing you were to build a new road to-day, would you think it advisable for the law to permit the issuing of bonds that would practically construct the roads and stock them two or three times the amount, and then the stockholders take the bonds at par, if you please, and the stock you did, and pay nothing for the stock; in other words, do you think the statute ought to permit the watering of railroad stock as it may be done to-day? A. I don't know.

Q. Don't you think that feature leads to the embarrassment of your railroad companies? A. I have not given the matter sufficient thought to express an opinion.

Q. You would not think of starting a bank on that basis? A. Oh, no.

Q. Or any other business? A. They seem to do it in other lines of business, to give away stock as a bonus which will induce people to put their money into the enterprise, and provide for the plant and the starting of the enterprise, with the possibility of the earnings being sufficient to return them a dividend on their stock.

Q. Mr. Allen, what is the name of the bookkeeper who has charge of the books and these monthly statements? A. Mr. Williams is secretary and has charge of those.

Q. You have some man who runs the pencil or pen? A. His name is Arthur; what his last name is I could not tell.

Q. He could tell us what proportion from month to month is consumed in operating expenses? A. Oh, certainly.

Q. You could not give us any information on that? A. I could not now.

Q. Do you know anything about the cost of a street railroad? A. I do not, up to date.

Q. No; I mean the cost of constructing a road to-day? A. I do not.

George W. Archer, called and sworn, testified:

By Mr. Wade:

Q. Are you one of the directors of the Rochester Railway Company? A. I am.

Q. And how long have you been such? A. I think about four years; I am not positive.

Q. Were you one of the incorporators? A. Yes, sir.

Q. Were you connected with the street railroad prior to that time? A. Not with the present street railroad; I was connected with the Crosstown and South Park Railroad.

Q. With what? A. With the Rochester City and Brighton.

Q. Did you acquire any of the stock of that road just prior to the organization of this company? A. I did, in general, with

others; I don't know as there was any stock transferred to me; it all went into the pool.

Q. You were part of the syndicate or whatever it was that purchased it in? A. Yes, sir.

Q. And the stock of that company, I think, Mr. Briggs said, was \$500,000? A. I really don't know what it was; I don't think it was as much as that; I didn't think it was as large as that.

Q. He gave it as \$500,000. A. It may have been; I had an idea it was less; that is a matter easily found out.

Q. You could not speak definitely on that point? A. No, sir.

Q. At what price was that purchased in by the syndicate? A. I think it cost somewhere about \$1,500,000.

Q. The entire stock? A. Yes, sir.

Q. And for that stock you issued \$3,500,000 of the new company's; I do not mean to put words into your mouth? A. I don't remember that; there was some stock came in; I don't know how much that was.

Q. He said there was a million dollars sold at 30? A. I paid 40 for some of it.

Q. Did you take it direct from the company? A. Yes, sir; I think he stated 30; I thought he made a mistake then; I know I paid 40 for what portion I bought.

Q. Yes; that is right; you were also stockholder in one or both of these other roads? A. Yes, sir.

Q. Do you remember the capital stock of the Crosstown? A. I do not; it is so long ago.

Q. Or the South Park? A. I have no idea what either of them was, now; I knew at the time.

Q. Was that stock ever issued? A. I don't think it was ever issued.

Q. But for it an amount of the new stock was issued to your people? A. Yes, sir; that was included in the deal to be made.

Q. How much; take the Crosstown road; Mr. Briggs gave the capital stock of that as \$150,000; do you know how much was paid into the treasury on that? A. I don't know; there was some paid in by every stockholder, but what it was I could not say.

Q. How was it with the South Park? A. That was the same thing; those two companies were virtually the same thing.

Q. Do you remember the amount of stock you received in the new company for each share of that? A. I do not, positively; my impression is somewhere about four to one, but I am not sure.

Q. I think Mr. Briggs stated it was seven to one issued for the stock of the Rochester City and Brighton? A. Yes, sir.

Q. That would take \$3,500,000, if he is correct about the capital stock of that old company; \$1,000,000, he said, was in the treasury? A. Yes, sir.

Q. Then he gave the capital stock of the Crosstown \$150,000, and the South Park \$100,000, and two to one issued for those; that would make up the capital stock of the two companies? A. I do not remember about that; there is nothing to keep it fresh in my memory.

Q. Are the books of the Crosstown road in existence now, showing the amount of money that was actually paid into its treasury by its stockholders? A. I could not tell you; I suppose they should be, with the old Rochester City and Brighton books; all of those I suppose are kept by the Rochester Railway Company.

Q. Was it intended at the time of this transaction that each dollar paid into the treasury of the Crosstown and South Park roads should receive as much of the stock of the new company as each dollar paid for the stock of the Rochester City and Brighton? A. I do not think it was, because I do not think that they knew at that time what the position of the Rochester City and Brighton would be; I do not think they knew what the position of the new organization would be; the fact of the matter is, I do not think they knew what either one of them would be.

Q. It seems that the stock of the new company cost those people who purchased the stock of the Rochester City and Brighton about \$42.85 on the dollar? A. I have not figured it.

Q. According to your statement it figures just a trifle over that; now, I am trying to get at how you made that dividend; of course, your new roads, the South Park and Crosstown were new enterprises? A. Yes, sir.

Q. Without either having a road in operation or in process of construction? A. Yes, sir.

Q. What I want to get at is, whether a dollar invested there was equal to a dollar invested in the stock of the other company? A. I think it was.

Q. So that would make your stock in each of those two smaller companies pretty well paid in cash, pretty nearly? A. I could not say how much was paid in; I have no recollection; of course, they had their franchises.

Q. I suppose there is something somewhere that will show just how it was? A. Of course; it must be in the books of the Rochester Railway Company; that must show exactly what the transaction was.

Q. Are you, as director of the Rochester Railway Company, familiar with its operations? A. No, sir; I am not; the business of the road is governed generally by the executive committee; I am not a member of the committee; all I know is what I hear from day to day.

Q. You are not familiar with its detail? A. No, sir; I am not, only at directors' meetings, the executive committee, all those matters come before it.

Q. Are you familiar with the cost of construction? A. I am not.

Q. Equipment? A. I am not; I have known what it was, but I don't remember what it was, and I couldn't tell you.

Q. Are you familiar with the rules which the company prescribes for the operation of its road? A. No more than what I have seen on the routes; I could not relate them; some were passed on the board.

Q. I mean familiar, so you understand just what the rules are? A. No, sir; I don't know as I am thoroughly familiar with them so as to relate just what they are; I know, in a general way.

Q. Has your road declared any dividends since this company was organized? A. No, sir.

Q. About what is its capital stock quoted at now, or held at?

A. I think about 42 or 45, the last I heard; it has been as high as 60, and as low as 25.

Q. It has not in fact been increased in value by the operations of the road up to the present time; it costs you 42? A. No; the panic of 1893 and the difficulties under which they operated the road two or three years, in tearing up the street lowered the price; Main street was torn up two or three years, and I think the stock fell off, I think they are getting back now to its old earnings; the road has done better.

Q. And you regard the investment in the stock as a good investment? A. Yes; if a man has got time to wait; I don't know how long we will have to wait.

Q. In other words, you think it will be a winner? A. Yes; I think it may be some years before it can come to a paying basis, because there are always extensions to be made, and betterments, which eats up the earnings.

The committee take a recess until Tuesday, October 15, 1895, at 10 a. m.

Proceedings of Tuesday, October 15, 1895, at 10 a. m.

John M. Beckley, called and sworn, testified:

By Mr. Wade:

Q. You are the president of the Rochester Railway Company?

A. Yes, sir.

Q. And how long have you occupied that position? A. About three years.

Q. Who was your predecessor? A. Arthur G. Yates.

Q. And how long did he occupy that position? A. One or two years; I think two years.

Q. From its organization down to the time that you became —
A. From the time of the organization of the Rochester Railway Company, yes, sir?

Q. You were the second president of the company? A. Yes, sir.

Q. Are you actively engaged in its management? A. Yes, sir.

Q. And operations? A. Yes, sir.

Q. And have been since the time you were elected president?

A. Yes, sir.

Q. Where does Mr. Yates reside? A. In Rochester.

Q. Were you interested in the company at the time of its incorporation? A. Yes, sir.

Q. One of the incorporators? A. Yes, sir.

Q. And one of its directors from the beginning? A. Yes, sir.

Q. And as such have you been familiar with the operations of the company since its organization? A. I have.

Q. About what time was it incorporated? A. In the winter or spring of 1890.

Q. At that time there were three other street railroad companies in the city, I believe, as we learned yesterday, the Crosstown, the South Park, and the Rochester City and Brighton? A. Yes, sir.

Q. Were you interested in either of those companies? A. I was interested in the Crosstown and South Park companies, and for a few months before the organization of the Rochester Railroad Company I was interested in the Rochester City and Brighton.

Q. As we learned yesterday from Mr. Briggs, some gentleman conceived the idea of consolidating all these lines into one, and putting the whole thing under one management? A. Yes, sir.

Q. Did you take part in that transaction? A. I did.

Q. Was that done by acquiring the stock of the other three companies and by leasing and then merging? A. Yes, sir; that was done by the Rochester Railway Company.

Q. Yes; the stock of the Rochester City and Brighton was first purchased by the syndicate? A. Yes, sir.

Q. And were you a member of that syndicate? A. Yes, sir.

Q. The amount of the capital stock of the Rochester City and Brighton was what? A. Five thousand shares of the par value of \$100 each.

Q. And in buying up did you have to pay par or better? A. A good deal better than par.

Q. As we were told yesterday of that road, its surplus had been put back into it for some years in betterment? A. Yes, sir; some dividends had been paid, but much the larger portions of the profits had gone to betterments.

Q. What was the amount paid by the syndicate for the \$500,000 of the Rochester City and Brighton? A. Two hundred and sixty dollars a share.

Q. One million three hundred thousand dollars? A. Yes, sir.

Q. And then you were allowed to take from the new company how many shares for each share of the Rochester City which you surrendered up? A. Seven.

Q. So that takes \$3,500,000 of the capital stock of the new company? A. Yes, sir.

Q. Which was incorporated at \$5,000,000, I think it was? A. Yes, sir.

Q. How was the balance of it disposed of? A. An exchange was made of the stock of the Rochester Railway Company for the stock of the Crosstown and South Park; the exact proportions I can not this moment from recollection give you, but at any rate \$500,000 of the stock of the Rochester Railway Company was exchanged for \$250,000 of the Crosstown and South Park.

Q. Two for one, Mr. Briaggs said, yesterday? A. I think that is right.

Q. That would just take the \$500,000 capital stock of the new company, providing the Crosstown was as stated by Mr. Briggs, capitalized at \$150,000 and the South Park at \$100,000? A. That is my recollection.

Q. He first gave the South Park as \$300,000, and then corrected it; and that left the stock of that company in the new company? A. Yes, sir.

Q. At what figure? A. The company received in cash \$330,000, and obtained the construction of several miles of its road, and the reconstruction of several miles of its road; the contract was made for the sale of that stock, the consideration being the construction of certain track of the company and the payment of \$33,000 in money, the Monroe Avenue line and the Summer line.

Q. With whom was that contract made? A. A. F. Phillips.

Q. Who was he? A. He was a man then living in Rochester who had some experience in contracting.

Q. How much did you calculate, Mr. Beckley, that the company was getting for that million of stock? A. Do you want my opinion?

Q. Yes; I do not suppose you could sell it at par at that time, but you, by this contract, realized the \$350,000 in cash, and then the construction of so much road? A. I should think fifty cents on a dollar, altogether; I should think that was about the valuation the company received from the sale of the stock; the stock was not salable then at par.

Q. Was that stock taken out, that \$500,000, largely by the present stockholders of the present company? A. Some of it was taken; quite a proportion was taken by those who were then stockholders, and some by outside parties.

Q. So that for the stock of the new company you acquired the stock of the Rochester City and Brighton, the stock of the Cross-town, the stock of the South Park, and about \$500,000 of money and construction combined? A. Yes, sir.

Q. Or, to convert it all into money, the \$5,000,000 of stock netted the company about \$1,800,000? A. No, I do not think that is true; I think the property which the Rochester Railway Company purchased exclusive now of the \$1,000,000 of stock which was issued subsequently, I think it was fully worth \$4,000,000; I have not had an opportunity of knowing how far you progressed yesterday with this inquiry, but if I can volunteer—

Q. Yes, sir. A. —I may say the stock of the Rochester City and Brighton Railway Company was purchased in October or November, 1889, by a syndicate which had no connection whatsoever with the Rochester and Brighton or South Park Railway Company; that syndicate in the spring sold and exchanged that stock just purchased for the stock of this company, the stock of the present company, and that exchange, however, was not made until after the Rochester Railway Company had taken a lease of the Rochester City and Brighton Railway Company and the

other two companies mentioned, and agreed by the terms of the lease, which was practically in perpetuity, to pay \$140,000 a year to the Rochester and Brighton, the Crosstown stockholders \$12,000 and to the South Park \$8,000, or a total of \$160,000 a year; after the lease was made and after the Rochester City Railway Company had gone into possession of the property the boards of directors of the several companies made the agreement which resulted in the exchange of the stock.

Q. It was a merger agreement? A. Yes, sir; you are familiar with the statute under which that was done.

Q. That is, with consolidating all the companies, and your agreement provided for the cancellation of the old stock and putting out of the new? A. Yes, sir; and the stock of these three companies, the three old companies, was also surrendered and exchanged for the stock of the new, and that stock when it all had been exchanged was cancelled and a certificate of that fact filed in the office of the secretary; I ought to add that in my opinion the purchase which the Rochester Railway Company made at the time was a purchase of property fully worth the par value of the stock issued; later on, after some 60 miles of road had been built, the \$1,000,000 of stock was issued in pursuance of the terms of the contract which was made, and the company received \$350,000 in money and the construction of a portion of the lines; there is some ground for claiming that as to that transaction the company did not receive any money or its equivalent of 100 cents on a dollar.

Q. If the road was actually worth at the time the \$4,000,000, it was not very good business to put out the last million at 50? A. A thing may be worth a good deal more than it will bring, Mr. Wade.

Q. What you think, Mr. Beckley, is, that the syndicate having acquired this stock in the manner you have described, and then encouraged the scheme which necessitated the electrifying of the road, put the entire property in a position where it was of much more value than it was at the time it was operated by horse power? A. Yes, sir; and I think, furthermore, when the New

York, Pittsburg and Philadelphia parties bought this road, I think they bought it at 50 cents on the dollar of the value of a horse railroad.

Q. The value must consist largely then of its franchises? A. It does necessarily; it always does.

Q. And after the organization of this company in the manner you have described, you proceeded to electrify your road and to construct extensions? A. Yes, sir.

Q. And to complete the roads of the two companies, the South Park and Crosstown, you had just taken in? A. Yes, sir.

Q. Until to-day you have your system practically completed? A. Yes, sir.

Q. Of about 80 miles of track? A. Something over 80 miles in the city.

Q. At what time did you commence to change your road from horse power to electric power? A. In the spring of 1890; in the spring or early summer.

Q. What was the first done in that direction? A. Well, it is difficult to say what was the first thing; 30 miles of rails was purchased, 100 motor equipments was purchased and arrangements were made for the commencement of the work.

Q. I didn't mean the very first act, but you did reconstruct a large portion of your track? A. All of it.

Q. Did that involve taking up the ties? A. Yes, sir.

Q. And the pavements? A. It would have been less expensive for the company if there had been no railroad in Rochester so far as the construction was concerned, which was done; it cost more money to take up the old track and put down new than to put down new in the first instance.

Q. Well, the entire cash assets of the company at the commencement of this work was \$350,000 received for its million of stock? A. Oh, no; this stock was not sold until nearly two years later.

Q. In taking in the old company did it take in a large amount of money with it? A. No, sir; some money; I don't remember how much; two millions of bonds were issued.

Q. Was the rolling stock of the company good for anything in particular at that time; I do not mean that, but in changing from horse to electric power, could it be utilized? A. Not to any extent; there was perhaps 10 or 12 cars of the old company that were utilized; more than 10 or 12; I think about 18, put into service as electric cars or trail cars, but the equipment was all new with that exception.

Q. Did it have any real estate? A. Yes, sir.

Q. How extensive was the real estate owned by the old company? A. I think the assessed valuation of the real estate, exclusive of the tracks—

Q. I do not mean that. A. I think about \$200,000 worth at its assessed valuation; I could get the figures.

Q. I do not care about them; I do not suppose you assess it at full value? A. No, sir; the property as real estate, the Rochester Railway acquired exclusive of tracks was fairly worth \$350,000.

Q. They got, I suppose, a quantity of horses? A. They got about 1,000 horses.

Q. What were they worth? A. They cost about, on an average, \$125 each; when we came to sell them we had to take a great deal less; you know how those things are done.

Q. Yes, sir. A. As the change was made on line after line the horses were disposed of the best we could get.

Q. A horse that has been drawing a street car is not very valuable for anything else? A. No, sir.

Q. Were the thousand worth \$50,000? A. Yes, I should say so.

Q. What were the cars worth? A. For horse railroads they were worth what they cost the company, I suppose; that would be from \$700 to \$1,000 each; there was about 100 to 130 of them.

Q. Do you think \$100,000 would cover them? A. Yes; they would not sell for that; we have 75 or 80 on hand now.

Q. That comprises substantially the property which you acquired? A. We had 40 miles of track.

Q. Exclusive of track, I mean? A. Yes, the cars and the horses and the real estate.

Q. That amounts, as you have given it, to just \$500,000; now the track was practically worthless? A. For electric road, yes, sir.

Q. Do you regard the franchise of 40 miles of road worth \$3,500,000? A. Yes, I should think it was worth that.

Q. Now, Mr. Beckley, your experience in construction of roads is such as to enable you to give the cost of them? A. Yes, I presume it is.

Q. I suppose pavement is a material item in the cost of constructing the road? A. Yes, sir.

Q. And its cost must depend to some extent upon the character of pavement? A. Yes, sir.

Q. Supposing that you take the best pavement that you have in the city of Rochester, the most costly, what is that? A. I think this pavement we have on Main street and State street, the block pavement with concrete foundation.

Q. How much does it cost you per single mile of track to construct your road and lay that pavement? A. We have different weights of rails; what weight of rails do you mean; we have laid 90-pound rails; the one we have adopted as standard is 90-pound girder rails; the cost of the street railroad include the poles and wires, the frame construction, and proper ground return which must be of copper wire, with 90-pound rail laid on cross ties, 20 inches or 22 inches from centres, exclusive of the pavement, would be in the neighborhood of \$20,000 a mile actual cost to-day.

Q. Exclusive of paving? A. Yes, sir; that includes the providing of proper ground return to your power station; I don't know what the cost of this paving is.

Q. Of course you did not have to buy the material for paving the stone or pavement; that was there when you commenced your operations? A. It was there; we had to supply new material.

Q. You had to supply your cement? A. We had to supply so far as the paving stone were unfit for use we had to supply new stone in their place; it always turns out one-third or one-half has to be supplied.

Q. I do not see where, exclusive of pavement, you can get \$20,000 in a mile of single track? A. I do not think you can build the track here, complete here, for less than that, including curves and special construction.

Q. Taking your road on State and Main, you have got there more money than you have in a mile of track in some other places? A. Oh, yes.

Q. On account of special construction; but a straight mile of track? A. I should think, taking our track as a whole, assuming that it were all to be relaid and the old track taken up and a new track put in its place, I should think we would be obliged to pay for the 80 miles \$20,000 a mile, including in that, special return, the belt lines, and the distributing system that I have spoken of.

Q. What return system do you use, anything more than bonding the rails? A. Oh, yes.

Q. Return wire? A. A copper cable, some of it half the size of my wrist, running through back to our track, running through to our generators; we make as much provision for the return of the current as we do for its outgo.

Q. How much of your line is laid upon paved streets? A. By paving, do you mean including macadam as paving?

Q. Yes, sir. A. I should think three-fifths or perhaps three-fourths.

Q. I do not care to a nicety; would you say 60 miles? A. No; I do not think quite as much as that; exclusive of the track that is laid on the side of the street I think fully three-fourths of the remainder is in paved streets, and perhaps more; we have about 15 or 16 miles of track laid on the side of the street between the sidewalk and the curb.

Q. Then your overhead construction is side-line construction? A. Yes; for instance, Lake avenue, after we leave Vincent place or Lisle avenue it runs between the sidewalk and curb.

Q. What rail do you use there? A. Forty-pound "T" rail.

Q. It wouldn't be possible to get \$20,000 a mile into the construction of a mile of that road? A. No, sir.

Q. Your rail costs you to-day \$28 a ton? A. Girder rail costs more than that; I have not bought any in six or eight months; girder rail, I think, costs \$32 a ton at the mill; girder rail is always more expensive than "T" rail.

Q. It was until a little while ago, and I think now it is cheaper? A. I think it is a little more now.

Q. What does it cost to lay the pavement? A. When we commenced building our track we had to pay \$32 a ton for girder rail at the mill.

Q. What does it cost a mile to lay this pavement? A. This in the street?

Q. Yes. A. I can not tell you; I don't know; this pavement in State street was laid by the city.

Q. Then you paid so much for it? A. No, sir; we had the track there before.

Q. You did not have to pay for that? A. No, sir; we had laid the pavement when we put in our tracks three or four years before, but the city proceeded to lay new pavement, and we had to take our track up.

Q. How do you avoid paving that street; are you governed by contract? A. No, sir; under the ordinances.

Q. The general railroad law requires you to pave and maintain the paving? A. No, sir; it requires us to keep it in repair, but not to pave where a new pavement is put in; that is paid by the abutting property; we had, as a matter of fact, to pave all streets, or portions of the street, where we occupied where our track was put in; we had to take it up and put it back.

Q. You did not have to pave through this street when you reconstructed? A. No, sir.

Q. How many miles of paving did you have to do? A. That is the other question as to the proportion of our track which is paved; I should say, altogether, 40 to 50 miles of street.

Q. Did that consist principally in taking up and relaying the pavement that was already laid? A. That was what it was.

Q. Now, what did that cost you per mile? A. I can not tell you.

Q. Now, to do this work you issued first how many bonds? A. We issued 2,000 bonds of a thousand dollars each.

Q. That was \$2,000,000? A. Yes, sir.

Q. Those are the first mortgage? A. Consolidated mortgage bonds, we call them; the mortgage was made to secure \$3,000,000 of bonds, \$1,000,000 being retained by the trustee to fund or retire the underlying bonds of the old company, \$875,000 in amount; we have just paid off, the 1st of October, \$200,000 of those underlying bonds, the first ones that were ever issued on this property.

Q. That was your first issue? A. The mortgage secured \$3,000,000, of which \$2,000,000 were issued.

Q. The other was issued, and the million held by the trustee to retire this \$875,000? A. Just as they matured; and \$200,000 have just been issued to pay off \$200,000 of the underlying bonds.

Q. The second issue of bonds was what? A. One million five hundred thousand dollars second mortgage bonds; perhaps that answer may mislead you; we issued next \$600,000 of debenture bonds not secured by mortgage; those were subsequently merged into an issue of \$1,500,000 second mortgage bonds; provision was made for the taking up of second mortgage bonds.

Q. At what price were the first mortgage bonds sold? A. At par.

Q. And the second? A. Eighty.

Q. And in that way the money was raised for electrifying and extending these lines? A. Yes, sir.

Q. Including the \$350,000 you got for the last issue of stock makes a total of \$3,550,000? A. Yes, sir.

Q. That is the total cost of the road; so that if there had been no street railroad in the city of Rochester at the time you started in to do this work, and you had the franchises, you could have produced what you now have for about \$3,500,000? A. Yes, sir.

Q. And you have charged up against that, your road here, practically \$10,000,000 of stock, bonds and floating debt, haven't you? A. Yes, sir.

Q. And that is practically what your road owes? A. That is what the road has cost from our books.

Q. That would be between \$110,000 and \$120,000 a mile? A. Yes, sir.

Q. Supposing you were going to organize a company to-day upon a solid basis, as solid a basis as you could in good business economy, in which you and your friends were to be solely interested, would you think it business, good business, to use the common phrase, to water the stock? A. I don't know what you mean by good business; it might be called good business.

Q. It might, if you knew your road could pay dividends on all the water you could turn into it from the river here, but these schemes of stock watering usually result disastrously; for instance, these Philadelphia people went to Brooklyn and organized a scheme you, perhaps, are familiar with? A. Yes; I know about that; I think it is perfectly legitimate for you and me to buy property individually and to buy it at the best figure we can get it for, and it is just as legitimate to sell that property to an individual or corporation for what that individual or corporation is willing to pay.

Q. Yes; but if we are the corporation or individual, and we, as individual or corporation, sit down and deal with ourselves as an individual or corporation, you see it does not matter so much whether we have one share of stock representing \$100 or 10 shares representing \$10; we have got it all? A. If we own the thing ourselves.

Q. If we can build that thing up to make that watered stock worth par that is one thing; but all the time when you construct a street railroad you are taking something in which the public have a property right and interest? A. Yes; that is true.

Q. And the result is, you know, in many places, it requires, or rather if this thing was done on a good basis, we would get a remarkable good return for our investment and give the public lower fare? A. There is one thing I think the majority of people lose sight of in considering this question, and I will state it.

Q. Yes. A. Taking as an illustration of the proposition: The Rochester City and Brighton road was organized in 1862 to build and operate a railroad in the streets of this city, then 40,000 or

50,000 people; they built the road in Main and State streets, and operated a very good road, and the public was satisfied with the service given, but the public did not patronize the road very well, and it went to foreclosure in 1864 or 1865; it was sold out and nobody here in Rochester desired to pay anything for it except three or four people, Mr. Ellwanger, Mr. Barry and Mr. Woodworth, who were interested in the old company and who had foresight and courage enough to buy the property and attempt to rebuild it; there was not a business man in Rochester outside of a half a dozen men but what said these people were fools to put money in that railroad; they did put it in; for ten or fifteen years it did not pay; they carried it along until 1889 when they sold the stock for \$1,300,000, subject to the bonds of \$875,000, but they had to put into that property twenty years of hard work and anxious toil; they took the risk which no one else was willing to take, and they built up that which has turned out to be of immense benefit to this city; now, I say, when men take that risk they were entitled to the reasonable reward for the risk; to go a step further; when this road was acquired in the fall of 1889, by foreign parties, it was acquired for the purpose of transferring it into a cable or electric railroad; application was made in the winter following the purpose, to the common council, for the right to transfer this road from a horse railroad to an electric railroad; after a long discussion, the chamber of commerce taking a hand in it, the common council granted the franchise and authorized the change under certain conditions; if I heard it from one man I heard it from a hundred of the leading business men of Rochester, that the men who were putting their money in were fools; the same old story of twenty-five years ago, that they never would get a return on the money; but the men who took this up had the courage of their convictions, and they took a great big risk when they put \$3,500,000 into this road, of extra hard money in addition to what they paid for the property, a risk I do not think you would take to-day.

Q. How would I get in; I would like to? A. Now, with the knowledge of what has come, very likely, but at that time no one

knew anything about the effect of operating a railroad by electric power except some little information from the experience of Richmond and Boston; nevertheless, these men believed it could be made a successful enterprise and went ahead and took a big risk; now after the thing has proved successful I do not think it is fair that any one should come to these men and say, you ought not to have capitalized so large; you should not have done this and that; you should have been satisfied with six or eight or ten per cent., when there was not at the time a human being in Rochester or anywhere else that was prepared to take the risk taken by these men and stand simply the chance of making the same rate of interest as on a safe investment; it is that side I think your committee should take into consideration; these men were pioneers, this road was a pioneer road in the State of New York; for instance, we paid for the first one hundred motors we equipped, I think it was \$3,600; everyone of those are out of service and the new one with a \$700 or \$800 equipment which is a great deal better; our people were pioneers and took a big risk and I think the people here are satisfied with the result

Q. You say the committee has not the right to say you should not have done this or that; the idea is for the committee to get what information they can on the subject and then possibly make a recommendation to the Legislature as to whether anyone should be permitted to water railroad stock in the manner in which it has been done in this country; for everyone knows that that practice has enhanced the risk that men have taken more than anything else, when you take roads that stand to-day charged with \$400,000 to \$600,000 a mile of single track; you take the Brooklyn street railroad charged with \$154,000 a mile of single track, and your road stands here with 110,000 to \$120,000, and Buffalo worse than that? A. By the way, in passing, I may say that the Rochester Railway Company acquired a controlling interest, \$136,900 of the \$200,000 of the stock of the Rochester Electric railway, the independent organization which controlled and operated the road, the line from the city of Rochester to Ontario Beach, down the west

side of the river; this company paid \$125 a share; that should be included as part of the system.

Q. That would reduce the cost of your eighty miles; does that form a part of the eighty miles? A. No, sir.

Q. That is entirely outside of the city? A. Yes, sir; that is about ten miles of single track which this company owns to-day under the lease.

Q. That is entirely outside of the city? A. Yes, sir; that is about ten miles of single track which this company owns to-day under the lease.

Q. It owns the stock? A. It owns nearly three-fourths of the stock and has a lease of the road in perpetuity, so that really that ten miles should be included as part of the mileage of this system.

Q. Your company did not build this road? A. No, sir; this company had nothing to do with the building of it; it was built by the other company, but three-fourths of the money was furnished by the company; and since that the property has been taken over; Mr. Bissel suggests that the Rochester Railroad Company succeeded to all the litigation covering all sorts of claims which had arisen in a period of years before.

Q. That was at the time of the merger? A. Yes, that has all been paid.

Q. Now, Mr. Beckley, you use within the city limits a girder rail? A. Except where the track is on the side.

Q. Yes; that you told me about; have you ever had any experience with laying a ninety pound "T" rail made especially for paving around it, or operating a road laid in that manner? A. No, sir.

Q. It is a fact, is it not, that you can make a better track with a "T" rail than you can with any other? A. I should prefer a "T" rail track, yes, sir.

Q. You get a solid track? A. Yes, sir; you get a better bearing.

Q. That fact is demonstrated by the fact that all steam railroads use it? A. It is the best rail, yes.

Q. Have you observed the "T" rail in use where the street is paved with brick pavement? A. No, sir; I am connected with

some companies operating railroads in Massachusetts, and some cases I have known in Massachusetts I have known of "T" rail track being laid in paved streets, but in no cases where brick has been used.

Q. If your company paved as well around a "T" rail as a girder rail wouldn't you prefer it? A. If you can pave as well and maintain the pavement as well I should.

Q. Is it not a fact you can pave better and maintain better? A. It is not my observation that you can, although I am not prepared to say that that might not be done with brick; the trouble comes by the use of the track by loaded wagons.

Q. That is just where we find it advantageous? A. Are you speaking of Jamestown?

Q. Yes? A. That is, there is no track for them to go in.

Q. They do not try to? A. If they have a perfectly smooth pavement outside of the track I think that is so.

Q. Have you seen any of that heavy "T" rail made to be used on paved streets? A. I have seen 60-pound "T" rail laid in some of the streets in New England; Springfield; some "T" rails in paved streets were laid there and I understand they like it very much and the people like it; you hit the matter right when you say the street itself must be well paved, and then with that rail laid there there is no inducement for the truckmen to drive on it; he will keep off from it.

Q. Do you take part in prescribing the rules for the operation of your company? A. I do.

Q. And is that done by the board of directors or by your executive committee; or yourself? A. By me; I sometimes confer with my executive committee or my board, with reference to some rules I am disposed to adopt.

Q. But if you discover the necessity, as you believe, for the adoption of a new rule you do that without conferring with the executive committee or board of managers? A. Yes, sir.

Q. That power is given to you as the president of the road? A. Yes, sir.

Q. How often do you take from the registers in your cars the number of fares rung up? A. The state of the register is taken at the time each conductor leaves the car.

Q. You do not take it every trip? A. No, sir.

Q. The conductor takes the car? A. We have an inspector to take the state of the register and to compare with the report made by the conductor; but the register is taken at the time each man leaves his car, or another man goes on it, or at the conclusion of the day's business.

Q. Do you know at what time in the day your traffic is the heaviest? A. Yes, sir.

Q. During what hours? A. You mean on work days?

Q. Yes, sir. A. Four o'clock in the afternoon until half-past 7.

Q. Is there any increase during the morning hours? A. It depends on the line, the section of the car where the line is run; I should say between the hours of 5 in the morning and noon the hours of heaviest travel are from half-past 6 until 9 o'clock.

Q. In the morning? A. Yes, sir; on some lines the travel is heaviest from 8 to half past 10, but take the city through I think the travel is heavier in the hours first mentioned than any other hours in the forenoon.

Q. What are your daily receipts; about? A. Do you mean including our lake road, the road leased?

Q. Yes. A. About \$2,500 a day.

Q. Excluding that? A. In the summer time the receipts on that road are very heavy; excluding that I think our receipts average from \$2,200 to \$2,300 a day, averaging through the year on our city lines proper.

Q. That you call regular average business? A. Yes, sir.

Q. Do you make out monthly statements of balance sheets? A. Yes, sir.

Q. So it shows just how much your road has earned during the month? A. Yes, sir.

Q. It shows how much it has cost you to operate it? A. Yes, sir.

Q. Coal? A. Everything.

Q. Coal, oil, waste, and everything of that kind separated? A. Yes, sir; that would be a proportion of fixed charges for the year.

Q. That includes interest? A. Yes, sir.

Q. About what percentage of the gross receipts does that require, the operation and fixed charges? A. The road is operated, taking one month with another, at an average of 55 per cent., excluding taxes and interest on the bonds and so forth; the net earnings of the road above operating expenses and fixed charges, the last fiscal year ending the 30th of June, were about \$50,000 in round numbers.

Q. That would be 1 per cent. on its capital? A. The year before, nearly \$100,000, and the year before that nearly \$150,000.

Q. To what do you attribute that decline? A. First, to the depressed business conditions, which resulted in the non-employment of a great many of our people, and secondly, that substantially all the tracks on the east side of the river in the last two years we have been obliged to take up and relay because of the construction of the trunk sewer on the east side of the river which made necessary to change the course of the sewage; theretofore the sewers had gone directly into the river or through shallow sewers running into Irondequoit Bay; something like two years ago the city undertook to build a trunk sewer and running entirely around the city; that made it necessary to build new sewers in substantially all the avenues.

Q. Interrupting your traffic in some of the principal streets? A. Yes, sir; let me say that while on that subject, we have been twice obliged, since we laid our track, to take it up; first, when they built the sewer, which occupied six to eight months; secondly, when they put this new pavement in; so we have laid the track in Main street, as well as State street, three separate times.

Q. What do you think the earnings of your road would have to be to pay 6 per cent. on your capital stock? A. One million three hundred thousand dollars or \$1,400,000, to make the payment of a 6 per cent. dividend a safe thing to do; we have got to provide for the extensions, betterments, increase of our equipment and power plant.

Q. That is equivalent to a dividend? A. You may say the \$50,000 is equivalent to a dividend but our stockholders do not.

Q. If it is put into betterments? My point is that it would not be proper and safe for the railroad company to pay all its earnings out in dividends out of its earnings; it should be put into surplus or betterments, and substantially some, each year, extensions must be built.

Q. You charge the extensions up to construction? A. No, sir; we did.

Q. What do you charge that to? A. Maintenance of the road; we have not built any extensions last year.

Q. If you did construct a mile? A. That would be new construction; we have no construction account.

Q. When you have to take up and relay you charge that to operating expenses? A. Yes, sir.

Q. What is your capital stock worth now? A. I think it is worth more than it brings in the market.

Q. How much do you report to the Comptroller? A. I think it was reported at the average price at which it was sold during the year, which I think was fixed at 30; Mr. Allen, the treasurer, makes that report; I can not just state.

Q. He is not actively engaged in the operation of the road? A. No, sir; we did take at the time he made his statement to the Comptroller, he took from some brokers here what it sold during the year.

Q. You consider that a fair statement? A. Yes; it sold down to 25, I think, and as high as 40; I think he put it at 30.

Q. How are your receipts this year as compared with last? A. They are greater.

Q. Can you state about how much greater? A. In the month of July we gained about \$8,000 or \$9,000 over the year before; in August we gained \$6,000 or \$7,000; in September about \$5,000.

Q. And you find that when all your business enterprises in Rochester are running in a healthy condition the business of your road is greatest? A. Yes, sir.

Q. I think Mr. Briggs told us you paid 1 per cent. to the city upon your gross receipts. A. For fifteen years from the time a franchise was granted, and then 2 per cent.

Q. Do you consider that good economy for the city; do you regard that a good economic policy for the city to adopt? A. I do not.

Q. Now, supposing you had the making of that arrangement for the city, and you were satisfied some benefit ought to be turned into the city for the operation of the road, how would you do it? A. I think the proper way for the city when the earnings of the company would justify the course, I think the proper thing is for the city to maintain the benefit by way of reduced fares or commutation of fares, rather than to take 2 per cent. of the gross earnings.

Q. Do you not think that the laboring people and clerks and people who are compelled to go to and from their daily labor upon your cars ought to have all of the benefit that is to be derived by the city from the operation of that road? A. That is my notion about it.

Q. Do you not think the city would be in a more healthy condition, and business in a better condition, if that system were adopted, than it would if it compelled the street railroad to exact the full fare from those people and turn it into the city treasury? A. I think the city would get more benefit by making concessions to the people, rather than by exacting from the street railroad a portion of its receipts.

Q. You know John Ingalls "the street car was the poor man's chariot?" A. I think the people get more benefit by rapid service and cheap service than they can by having paid into the treasury of the city from \$10,000 to \$15,000 a year, and I think the company is much more apt to give rapid, efficient and cheap service if it is not handicapped by the payment of the money into the treasury.

Q. It would be entirely practicable, so far as the operation of the road is concerned, for you to sell a book of tickets good be-

tween certain hours of the day, would it not? A. Practicable, yes, sir.

Q. So far as the operation of the road was concerned? A. It would be necessary to add to the equipment of the company.

Q. Why? A. Because we wouldn't have cars enough to take the people during the commissioned hours.

Q. That would be a good business; you are ready to put on all the cars you can fill? A. We are at our regular price.

Q. Have you ever figured what it cost you to transport people per mile? A. I have.

Q. What is it? A. It costs about $3\frac{1}{2}$ or $3\frac{3}{4}$ cents a person; not a mile; I can not tell about the distance they ride.

Q. Three and one-half cents; you are striving all the time to increase your traffic? A. Yes, sir; the more people we carry at the rate we charge the more money we make and less cost.

Q. Do you have any less fare than 5 cents? A. Yes, sir.

Q. What is it? A. Eleven tickets for half a dollar.

Q. Good any time? A. Yes, sir.

Q. How are those tickets sold, by the conductors? A. Yes, sir; every conductor has them; about 20 per cent. of our receipts are tickets.

Q. Supposing you would sell a book of tickets, say 60 in a book, at a price of 4 cents each, $3\frac{1}{2}$ or 4 cents each, good between 6 and 7.30 in the morning and 5.30 and 7 in the evening, and any person could buy and use those tickets during those hours, why, they would be used by that class of people usually riding between those hours, would they not? A. All our people ride between half past 5 and half past 6; the richest, and the millionaire, as well as the workingman; they ride home; there is very heavy riding at that time on the part of every one; in the morning there is not; the people who ride on the cars up to half-past 7 in the morning are, as a rule, the working people going to the factory, shop or to their work.

Q. You think the sale of that ticket would largely increase the traffic on your road during those hours? A. I think we would carry more people.

Q. Do you not believe it is possible you might get as much out of it for the operation of your road as you do now? A. No, sir; I think not; personally I am in favor of a low ticket fare at all hours of the day, just as low as the company can, by experience, make it, but I do not believe in making any discrimination in the hours; I believe the policy of the elevated roads of New York who abandoned the commission hours and put all tickets at 5 cents, rather than sell tickets 10 cents certain hours and 5 cents certain hours; I think the experience of those people is that it congests the cars certain hours and leaves the cars practically idle other hours.

Q. Do you think people would pick out certain hours? A. Did you happen to be in New York at the time they had the commission tickets at certain hours; you would see hundreds of people waiting at every station; waiting for 5 o'clock.

Q. The only place I know that system to be used is a little railroad at Sayre, and that book of tickets, I think, is sold at three and one-fourth cents? A. Good at certain hours?

Q. Yes, good from 6 to 7.30 in the morning— A. What is their experience?

Q. They would not abandon it at all; that might be different, because the Lehigh shops are at Sayre, in which hundreds of men work who live in Athens; I do not think it costs our road a cent; I think they make money. A. It is different here; you take a car passing this place here, going to University place; all these lines a business man takes the car home; we have a very heavy travel at those hours, all we can readily handle, and we do not have as many people as we would like to carry at other hours, from 9 in the morning until 3 or 4 in the afternoon.

Q. Do you have complaints from overcrowding of cars? A. No, sir; we have had some complaints, perhaps, in the last few years.

Q. Is it your experience that they all insist on going on the first car? A. Yes, sir.

Q. Although notwithstanding there is one only a minute behind it? A. Yes; there is some scrambling; we very often have

an extra car follow another, and the people will crowd in the first car, and then perhaps complain.

Q. Have you ever given the subject of municipal ownership of street railroads much study and thought? A. No, I have not.

Q. Have you read the history of certain cities where that system in use? A. No, sir; I know about the thing in a general way, but I have given it no particular thought or attention.

Q. Do you find, in the operation of your road, Mr. Beckley, that skill on the part of your subordinates and employes is indispensable to the proper running of your road? A. Yes, sir.

Q. In other words, would you think your road could be properly operated by a change of superintendent every two or three years? A. I know it could not.

Q. You get your best results from that service of most experience? A. Yes, sir; if I may be allowed to volunteer, I may call the attention of the committee to the fact that the employes of the Rochester Railway Company, without any expression of discontent, accepted a reduction of their wages of 10 per cent., and with some manifestatins of content accepted a voluntary raise of 10 per cent. on the part of the company last July.

Q. Your oldest motormen and conductors, I think Mr. Briggs told us, were paid 18 cents per hour? A. Yes, sir.

Q. That enables them to earn about \$2 a day? A. Yes, sir; some a little more than that and some a little less, depending on the runs they have.

Q. Do you remember a year ago, Mr. Beckley, a bill was introduced in the Legislature requiring the use of vestibule cars; I wish you would give us your idea about that? A. As to the advisability or practicability?

Q. Yes, sir; of enforcing the use of vestibule cars? A. I think it is a mistake to do it; the first cars that were purchased for this electric service was 100 vestibule cars, such as you see running here; we find that the majority of the motormen object to their use; they prefer the open platform; they, perhaps, with the same reason you would prefer, perhaps, if you had to stand up and take all kinds of weather for those hours, prefer not to stand in front

of an open window inclement weather; the motorman is standing continually in a draft; a great many complaints come to us on that account.

Q. Let me ask, in that connection, supposing your vestibule is tight? A. The door is closed, but if going against the wind you get a draft; there is a draft all the time through that door; I suppose the air escapes under the door and wherever it can; that, perhaps, is not as serious objection as this; if a man is in a glass house his vision is necessarily to some extent obstructed; the framing of this vestibule, which has to be of some heavy glass, his view of it and the motorman is not in as good a position to scent danger as with an open platform, and I have not any doubt but what many of the accidents we have had have been caused by the fact that we do have vestibule cars; we only have 25 or 30 that are not vestibule cars; we can easily put vestibules on them; in speaking as I do, I am not so speaking because of any expense that we may be put to in putting vestibules on the cars, but I think it is a mistake; if I had my way I would not have a vestibule on the system.

Q. There is one advantage to a vestibule, Mr. Beckley, and that is, your motorman is alone? A. Yes, he is more apt to be alone.

Q. If he is not alone some one is at fault? A. Yes.

Q. You do not permit a motorman to take his friend in that vestibule? A. Oh, no; we do not permit a motorman to have anyone on the front platform unless the car is so crowded that it is impossible to carry without.

Q. Take one of your closed cars in mid-winter, a vestibule car, would you permit a passenger to ride in that vestibule even if the car is crowded? A. We have.

Q. Is it not a mistake to do it? A. Perhaps so; it is difficult to draw that line; we do not permit enough men on a platform or vestibule to interfere with a motorman; some times we allow the door open, and the people stand just inside of the door, but ordinarily I think the rule is strictly enforced, that the people are not to ride on the open platform or in the closed vestibule.

Q. You know a motorman can not properly operate his car when visiting with some one else? A. No, sir; he can not; and we do not allow them to on the road.

Q. I do not see how you can avoid that if you allow people to ride with him? A. We do not allow people to ride; there are some days when we have tremendous crowds to carry; it is practically an impossibility to keep people where they should be; sometimes we take in on this road \$4,000, which makes a large number of people; does that law go into effect?

Q. It did not pass; now, a bill was introduced last winter in the Legislature prescribing — I think it provided that no man was allowed to work upon an electric street railway more than ten hours out of the twenty-four, making it a misdemeanor to hire him longer than that or to work longer than that; do you think such a law practicable? A. No, sir; I do not.

Q. Are your men contented? A. Yes, sir.

Q. With the operation of the road and management, and their pay? A. I have never heard of any discontent.

Q. You have had no strikes? A. No, sir; we have had no strikes; the old company had a strike in 1888, but since the present management there has been no strike or any threat of any strike I believe our employes are all satisfied in their hours and with their pay and with their treatment; at least, if they are not satisfied, dissatisfaction has not been expressed or manifested in any way.

Q. I suppose you aim to keep men you find efficient as long as you can? A. Yes, sir.

Q. And, as a rule, do you have difficulty in doing so? A. No, we do not.

Q. Your men become accustomed to their work— A. And like it and stay with us; I think, Mr. Wade, that three-fifths of our employes have been with us ever since we took hold of that property, and there are a great many here that have been in the employ of the company and its predecessors fifteen or twenty years.

Q. Supposing this proposition were made to you, that you would as soon as your earnings were sufficient to pay you a 6 per cent.

dividend on your five millions of capital, all in excess of that you would return into the treasury of the city, or dispense with it by a reduction of fares, would you be willing to have such a law enacted or enforced? A. I do not think such a law would be equitable; the difficulty would be to determine just what the reduction should be in fares.

Q. There would not be any because you would put that surplus back into your road with betterments? A. Your inquiry was whether I would be willing to accept a law which would either, when the company is able to pay 6 per cent. dividend and does pay it, which requires the company to pay any surplus beyond that into the city treasury, or to make a lower rate of fare; now, how could any law regulate the rate of fare to be charged or fix the manner in which the reduction should be made.

Q. It might not, but it might require you to pay into the treasury this surplus? A. Yes.

Q. I realize the difficulty of enforcing such a statute as that, or of the city acquiring anything under it, because the company could increase salaries and so forth? A. It seems to me that the true policy of the Legislature would be to wait until that time comes.

Q. That time has been here for a long time in some companies. A. Yes, some companies in New York, and perhaps some companies outside of New York.

Q. In other words, there ought to be some legislative control over this matter; don't you think so? A. Yes, I do.

Q. Your company occupies public streets in carrying on its business? A. I think the street railroad companies would not object to legislative control if placed in the hands of say a body like the Railroad Commission; if some such management was made here as in Massachusetts to regulate —

Q. To prescribe the fares? A. They do not do that there.

Q. What is that system? A. There is a statute there under the Railroad Commission Act, any year when the railroad company earns and pays more than 10 per cent. dividend on its capital

stock the Railroad Commission may, during for the ensuing year, reduce the rate of fare of that road.

By Mr. Nixon:

Q. Does that condition ever occur; it seems to me the railroads in this State are fortified in this matter? A. I do not think the Railroad Commission have ever exercised that authority, but they have it under the law.

Q. Then it could not be of much use in giving it to the Railroad Commission? A. I do not think they have reached the point in Massachusetts where they pay 10 per cent. on the stock.

By Mr. Wade:

Q. You have here a railroad that could be constructed and set in operation for less money than your bonded indebtedness? A. It could not have been at the time when it was done; what you could do now is hardly fair.

Q. I know where you paid for your motors here \$3,600 and you can buy a far better motor to-day for from seven to eight hundred; I am aware that cuts quite a figure; I am aware your generators can be bought for 60 per cent. of what they could be then, and I don't know but less? A. It is so all through; not in the same proportion.

Q. The principal reductions are in electrical appliances, are they not? A. Yes.

Mr. Briggs.— We paid 18 cents for trolley wire then.

Q. Your labor and ties and poles and the like, the rails, have declined a little, but they are substantially where they were? A. Excepting girder rail.

Q. Oh, yes; that never ought to have been put down anywhere? A. We had to pay a pretty steep price for girder rail.

Q. If the railroad men of the State to-day had none of it laid, and they had their same experience with it, and if it were left to them, they would prohibit using it; it works worse on a street where it is not paved than it does where it is; they are trying to drive on it and the earth gets from the side? A. We are pro-

hibited from using a T-rail where the track is laid in the dirt itself.

Q. I know in our city we were prohibited and then they requested us to take up the girder and lay the T-rail; I would like to ask you, Mr. Beckley, and I ask it of you because you seem to have had a good deal of experience with the construction and operation of the roads; take a road right out in the country, like this Rochester and Irondequoit — is that built upon the sides of the road?

A. Yes.

Q. And entirely T-rail? A. Yes, sir.

Q. No traffic over your track, that is, no traffic upon that track? A. No, sir; some places where it comes into a street there is a crossing, but no traffic on it.

Q. Now, that road can be constructed for about how much money? A. You mean just the construction of the track, poles, all — you do not mean any right of way?

Q. No, I do not mean the right of way. A. I should say that road can be built, for the mere cost of the construction of the track, including material, and the copper, could be built I should say for \$10,000 a mile.

Q. Single track? A. Yes, sir; you know we put a lot of copper in our road; I would like to have you ride over that road.

Q. You bind your rail with copper wire? A. We put a continuous 40-wire from the lake to our power station with each rail; then we put a 5,000 circular mills copper cable all the way from the lake to the power station.

Q. That is a feed wire? A. Yes, sir; then there is a lot of grading on a road like that; if I can have the pleasure of taking you down and showing you that road this afternoon you will find every little ways a cut.

Q. I do not calculate upon that; a practically level road and eliminate your copper wire you speak about, and it could be built to-day for \$5,000 a mile? A. The rail would cost \$3,000 a mile, twenty to twenty-four hundred ties to the mile would cost about 50 cents, about \$1,200; these are standard railroad ties I am speaking about; not the kind we use here; then there is the construc-

tion itself, which I suppose would ordinarily run about 50 cents a foot for track; then take the copper and poles and I think \$10,000 a mile would be a fair figure; maybe something less; and if much of any excavation it may be more.

Q. That is like special construction? A. No; but you take any ordinary street, for instance, like Lake avenue, and you simply put the track down, I should say, using the rails and ties we used, I should say these return wires and ties and the whole thing, two or three miles from your power-house, I should say \$7,500 a mile would cover that under those conditions.

Q. Is that 40-pound rail on the Irondequoit? A. No, sir; it is 56-pounds.

Q. Forty pound T-rail is too light? A. Yes, sir; that is a great mistake on our part.

Q. Operation of those cars has demonstrated that fact? A. I do not want the reporters for the papers to take the statement that I made that 40-pound rail is too light a rail.

Q. But nevertheless, that is so? A. Of course it is so.

Q. You are the sufferer by it? A. Yes, sir.

The committee adjourned until Wednesday, October 16, 1895, at 10 a. m.

The committee convene at the Chambers of the Common Council, in the city of Syracuse, on Wednesday, October 16, 1895, at 10 a. m.

Edward F. Rice, having been called and sworn, testified:

By Mr. Wade:

Q. Mr. Rice, do you reside in Syracuse? A. Yes, sir.

Q. What business are you engaged in? A. I am not engaged in very much; I am one of the receivers of the Consolidated Railway, and looking after my private affairs.

Q. What is the name of the railroad you are connected with? A. Syracuse Consolidated Street Railroad.

Q. When were you appointed receiver of that road? A. The first day of June, a year ago.

Q. Eighteen hundred and ninety-four? A. Yes, sir.

Q. Had you been connected with the road prior to that? A. I had about a year; I was manager of the road; I formerly was in the railroad business building, and manager of the Seventh and Eleventh Ward railroad, and in the consolidation of our road I sold my interest in the road I was in to the consolidated.

Q. After the consolidation were you interested in the road? A. Only as I was there a year as manager until they sold it out to the Street Railroad Company.

Q. On the application of whom were you appointed receiver? A. The court appointed me; I don't know who made the application.

Q. Some foreclosure suit? A. Yes, sir.

Q. Or something of that kind? A. Yes.

Q. What was that foreclosure of, a mortgage? A. Yes, sir.

Q. That was in June, 1894; and have you been actively engaged in the management of the road since that time? A. As receiver, yes, sir.

Q. Giving directions in reference to it, and looking after the details of its management? A. Yes, sir; in connection with my co-receiver, Mr. Mack, who was appointed receiver before I was; on June 1st the court appointed me as co-receiver.

Q. So the road has been actually in the hands of a receiver how long? A. I think Mr. Mack was appointed in December, 1893; he is here.

Q. When did the consolidation take place? A. In 1890; July, 1890.

Q. How many miles of track have you? A. Of the consolidated?

Q. Yes?. A. The books will tell; I think some 31 miles; Mr. Moffat, is that correct?

Mr. Moffat.— Yes, sir.

Q. That is 31 miles of single track? A. Yes, sir.

Q. Formerly these roads were operated by horse power? A. Yes, sir.

Q. And you were interested in one of those companies? A. Yes, sir; in two of them.

Q. What two? A. Seventh Ward Railroad built about 1886; I started that; and a year or so later we built the Eleventh Ward Railroad.

Q. When did you build the Eleventh Ward road? A. That was about 1888 or 1889, and they were called the Seventh and Eleventh Ward; they were then leased to the Seventh Ward and run under one organization.

Q. Seventh and Eleventh Ward? A. Yes, sir.

Q. How extensive were those roads? A. The Seventh Ward had a little less than two miles, and the Eleventh was made as a belt line to connect with the Seventh that I think had about five miles.

Q. So the total was about seven? A. Yes, sir.

Q. Were there other street railroads in the city at that time? A. Yes, sir.

Q. What were those? A. There was one called the Third Ward and Fifth Ward and Button Street line, and Fourth Ward line and Genesee line; they were all separate companies.

Q. And separate organizations? A. Yes, sir; until the consolidation took place.

Q. In 1890? A. Yes, sir.

Q. Are you interested in any of those companies? A. In the consolidated.

Q. No; in the others you have named except the Eleventh and Seventh Wards? A. No, sir.

Q. What was the amount of capital stock of your Seventh Ward road? A. Fifty thousand dollars.

Q. That was two miles? A. Yes, sir.

Q. What was the other, the Eleventh Ward road? A. One hundred thousand dollars.

Q. Had either a bonded indebtedness at the time of the consolidation? A. Yes, sir.

Q. How much had the Seventh Ward? A. Twenty-five thousand dollars and the Eleventh Ward \$25,000.

Q. And at that time the cars were propelled by horse power?

A. Yes, sir; we ran what was called bob-tail cars; we had one-horse cars.

Q. At the time of the consolidation did you sell out your stock in the Seventh and Eleventh Ward? A. Yes, sir.

Q. To whom? A. To the consolidated company.

Q. Who composed it? A. Who composed the consolidated?

Q. Yes; or did you first sell it to a syndicate? A. We sold it to a consolidated company; there was a syndicate made up of that, I presume; they formed a company and bought the other roads all out.

Q. You did not transfer your stock to the new company itself; that is, sell it to the new company itself? A. We sold it to the consolidated company.

Q. And not to individuals? A. No, sir.

Q. What was the sale of the Seventh Avenue — A. The Seventh Ward?

Q. Yes; the stock; what was it sold for? A. The stock was sold at par.

Q. And that received in cash? A. Yes, sir.

Q. And how was the Eleventh? A. The same; it was sold at one time.

Q. And the indebtedness assumed? A. Yes, sir; we had no indebtedness to turn over except the bonds.

Q. That was \$25,000, of course that followed the company? A. Yes, sir; we got par for our stock.

Q. Was that done with each of the other companies? A. I don't know what they got for the other companies.

Q. Were they older or newer companies than yours? A. They were older; ours was comparatively a new company at that time.

By Mr. Nixon:

Q. How much money was paid in on the stock of your two railroads at the time? A. In the Eleventh Ward we paid in 50 cents.

Q. What in the other one? A. The Seventh Ward?

Q. Yes sir? A. I think we put in 30 cents.

By Mr. Wade:

Q. You say you paid in 50 cents for one and 30 for the other; you mean cash? A. Yes, sir; we bonded them for so much, and assessed the stock to build the road for the balance of it.

Q. Do you know whether the road as you constructed it in 1886 and 1888 remains there to-day? A. Yes, sir.

Q. It is the same roadbed? A. It is the same roadbed.

Q. What rail did you use? A. An "L" rail.

Q. Commonly called a girder? A. No, sir; it is not a girder; it is laid on stringers; a side-bearing rail.

Q. Is that road run by electricity now? A. Yes, sir.

Q. Are all these roads operated by electricity now? A. No, sir.

Q. How much by horse-power? A. There is the Geddes road is run by horse-power, the Fourth Ward is horse, the Button Street line is horse, and the Fifth Ward is horse; I think that takes them all.

Q. About what extent is the trackage of those four lines; how many miles of track are there in those four lines? A. A little over 12 miles I think; I could not tell without figuring up.

Q. You gave me the total mileage as 26? A. Thirty-one.

Q. And you have about 19 miles operated by electricity? A. I should judge that would be — I couldn't tell without figuring it up.

Q. How many electric motor cars have you? A. In the consolidated? Mr. Moffat is familiar with that.

Q. You can tell me these things, Mr. Moffat, that you know and Mr. Rice does not; I can leave that until Mr. Moffat is on the stand, just as well? A. He is familiar with that thing and I am not.

Q. Who were the incorporators of this new company? A. Which company?

Q. The one you are running now? A. The Consolidated?

Q. Yes; you call it the Syracuse Consolidated Railroad company? A. I don't know as I can mention them all; John Dunn

was president; Mr. Aldrich, Mr. Theodore Poole; your book gives it here; Marshall Simon Wurnser, New York; Mr. Cassimer Tagg, New York; Clarence H. Wells, John Coughlin; the book gives the board of directors.

Q. Someone, I suppose, was the promoter of the scheme of buying and consolidating all of them into a company? A. I presume so.

Q. Do you know who it was? A. No more than I know that the directors and the president and so forth — Mr. Poole got options on the road before they were together, and I never interested myself in it very much; Mr. Poole was instrumental in getting the options to a large extent.

Q. Did they form a syndicate to buy up the stock, and when the consolidated was organized surrender up the stock of the various companies for stock of the consolidated company? A. I don't know what arrangement they made among themselves.

Q. Did you become a stockholder in the consolidated company? A. No, sir; we were approached and wanted to know what we would take for our stock; I think Mr. Poole got the options and they paid us the money for them.

Q. Tagg and Wurnser are New York financiers, are they not? A. Yes, sir; I never met them.

Q. Are you a stockholder in the company now? A. No, sir.

Q. Never have been? A. No, sir.

Q. Since you were appointed receiver you and your co-receiver have been operating this road, and have you been extending the work of carrying on the work of electrifying the road? A. No, sir; we took them as we found them and kept them together to the best of our judgment.

Q. What is the consolidated indebtedness of the company? A. One million two hundred and fifty thousand dollars.

Q. One million two hundred and fifty thousand dollars? A. Yes, sir.

Q. What are those, 6 per cent. bonds? A. Five per cent. bonds.

Q. What are your gross earnings? A. They have run down some of late; our report since we have been in there, since the 1st of June, I think, they have amounted to about \$225,000 or \$230,000.

Q. That is since the 1st of June, a year ago, 1894? A. Yes.

Q. How are your operating expenses? A. We kept even for the first few months and kept the roads in repair, but of late we have been unable to do so; the bad condition of the roads, and the other line taking some trade away from us, under such conditions that we have not been able to pay running expenses.

Q. Have you other companies operating roads here in the city? A. Yes, sir.

Q. How many? A. The Syracuse Street Railway Company; they bought what was called the People's lines, and one or two other lines that did not go into the consolidated, and they have been improving their property and putting in electricity.

Q. Is that in the hands of a receiver now? A. No, sir.

Q. The other company? A. No; they are flourishing.

Q. How much do you lack of paying your operating expenses now? A. We have run behind; we have been cutting off everything we could, and we still run behind from \$500 to \$2,000 a month; they vary some months; we have had to buy materials to keep the roads going; the roads are in very bad condition, as they are all run down.

Q. What part of it run down? A. The rolling stock and track; most of the roads were built, especially the Seventh and Eleventh Wards, were built for horse cars, and they have put electricity on them, and naturally they did not stand up; and the rolling stock, nothing has been done to it for a couple of years; and the roadbed, we have had to keep a gang of men on all the time to keep it up at all; it has been very expensive.

Q. Did you buy a 40-pound girder rail? A. Forty-seven.

Q. Do you regard that as a suitable track to run electric cars on, laid on stringers? A. No, sir.

Q. How do you raise the money to carry on the road, by certificates? A. Yes; we have issued some certificates for some new work that has been done, but the first six or eight months we earned a little money over and above our running expenses; we had no interest to pay and was not buying anything; but we have

sold all we could of old iron and so forth to keep it going; we are getting now in bad shape.

Q. Have you any scheme in view by which you expect to better the condition of the road? A. There is no way except as it is sold under this foreclosure.

Q. It has been sold? A. Yes, sir; sold under foreclosure of mortgage.

Q. Who took the bonds of the consolidated company? A. I think they were largely taken in New York by bankers there; they were floated there.

Q. They were not taken by the stockholders? A. No, sir.

Q. Do you know for what these bonds were issued? A. They were issued in the usual way; the road was mortgaged for this amount.

Q. The two companies you were interested in and the old companies each had a mortgage? A. They assumed them.

Q. And then they bonded the whole system? A. Yes, sir.

Q. Did they take up or retire the bonds you had on your old companies with the new bonds? A. Yes, sir.

Q. Was that so with all the bonds of the various lines they took in? A. Yes, sir; there may have been some \$1,500 or \$2,000; I forget the amount; but the most of them were all taken up; there was only a few but what took their money for them; there may be a few; I think there was only \$500, a bond of the seventh and eleventh ward, an underlying bond that the party did not take their money; but nearly all of them took their money.

Q. What did the road sell for in foreclosure? A. Eight hundred and sixty-five thousand dollars.

Q. It was bonded for \$1,250,000? A. Yes, sir.

Q. And stocked for how much? A. The same amount, I think.

Q. Making \$2,500,000? A. Yes, sir.

Q. And sold for \$850,000? A. Eight hundred and sixty-five thousand dollars.

Q. Who was the purchaser? A. The bondholders' committee, of New York.

Q. Did they ever pay any interest on the bonds? A. I think they did for a year or two; I can not say just how long.

Q. Mr. Rice, I notice by the report dated in 1893, the total amount of cash realized from the sale of the bonds \$223,858, and that a million of bonds was issued for property; do you know what property? A. Why, the bonds that were put on were sold in New York, I presume at par.

Q. No; what property did they acquire with these bonds? A. What is it?

Q. It seems by this report they issued a million dollars of bonds for property, and I wanted to know what property? A. I suppose it was these different railroads.

Q. That is the stock of the different roads? A. The stock and real estate and everything that they had.

Q. The stock would carry the real estate; if they bought the stock it would carry the company? A. All I know about is the Seventh and Eleventh Ward; we had \$150,000 worth of stock.

Q. How did they get that? A. They paid the cash for it.

Q. Then you must have taken out \$150,000 of that \$223,000? A. We virtually sold our road for \$200,000; there was \$150,000 worth of stock and \$50,000 worth of bonds; they took up the bonds.

Q. You simply sold your stock just as you would have done if you had been the only man selling at the time? A. Yes, sir.

Q. You sold your stock at par? A. Yes, sir; and I had some of the bonds myself, and I got my money for it.

Q. You sold your bonds also? A. Yes, sir.

Q. Sold those at par? A. Yes, sir.

Q. But was there any money paid into the treasury of this consolidated company for this stock beyond the \$4,000 mentioned in this report? A. I don't know what that report is.

Q. This is the report of 1893; it says the capital stock of the company is \$1,250,000; \$4,000 was paid into the treasury and the balance was issued on account of construction? A. I am not familiar how that was done; all I know is, we sold our road and got the money for it.

Q. Is there anybody in Syracuse that had connection with the company at that time that would be likely to know? A. Connected with the consolidated company?

Q. Yes. A. I can not say; these men that were in it must be familiar with it; all I say is, I was the president and manager of the Seventh and Eleventh Ward railroad, and sold it out.

Q. Did the consolidated company, after it acquired these various roads, build any additional lines? A. They extended some of them.

Q. How much; do you know? A. I am not familiar with it; I supposed when I sold I was through railroading.

Q. As receiver of that company, I suppose you are custodian of all its books and papers? A. Yes, sir; they are in the office.

Q. Have you there a contract with some individual or construction company for the extension of these lines that the consolidated company did extend? A. I think they did the most of that work themselves, so far as the consolidated is concerned; we did not build any new lines and there was not much extending them, except down the eleventh ward, they made a belt down there.

Q. Did they reconstruct any of them; that is, rebuild any of the lines? A. Well, yes; they repaired and rebuilt them; I am not familiar with that.

Q. Did they purchase new cars to any extent? A. Yes, sir; they put on electricity on the Seventh and Eleventh Ward; that was a horse-car line; and they put electricity on the Genesee line and bought new cars for it, and they made a belt line around there and extended it around that road; I don't think they built any especially new lines.

Q. I see by the report there seems to have been \$1,246,000 of stock issued on account of construction, and I didn't know but you could tell about the amount of construction? A. No; I can not.

Q. Whereabouts is the power plant? A. We have taken the power from the electric light company.

Q. You have no plant? A. The third ward line that they bought had a small plant that just run that road; they have run it part of the time since.

Q. So you buy your power? A. From the General Electric Company.

Q. What do you pay? A. We have a contract; so much a thousand volts, I think they call it; Mr. Moffatt is familiar with that.

Q. How much do you pay for power?

Mr. Mack.— Two and seven-sixteenth cents a thousand volts is the contract; we run per car per day about \$3.75; it varies in different weather; we have never figured on the car mile.

Q. So there is no investment here in a plant? A. No, sir.

Q. How many electric motor cars did you say you had, Mr. Mack?

Mr. Mack.— We have got 23; that is, that we are running; we have owned 31, but some of them were broken, and we had no money to put them back.

Q. Mr. Rice, are you as familiar with the operations of the road while in the hands of the receiver as your co-receiver? A. I do not think I am.

Q. He is more active in its management? A. Yes, sir.

Q. I do not care to examine both of you on the same subject.
A. Let Mr. Mack take the stand; he has the figures and data better than I have.

Peter J. Mack, having been called and sworn, testified:

By Mr. Wade:

Q. You are one of the receivers of the Syracuse Consolidated Railroad Company? A. Yes, sir.

Q. And have been since when? A. December, 1893.

Q. I was just asking your co-receiver about the price that you paid for power. A. When the temporary receiver was appointed he found a contract that was being executed; the price was 2 2-16 per thousand volts with the electric light and power company; there was no chance of reducing that because there was no competition, and we have simply continued the contract which the railroad company had then with the electric light and power company, and the contract was drawn in that manner.

Q. Do you think that is an exorbitant price to pay for it? A. I believe it is; yes, sir; that it can be made for less money; for instance, we are making it ourselves for less money than we are paying for it.

Q. How many hours do you run your cars? A. From 6 in the morning until 12 at night; about 18 hours; we figure it up and it will average \$3.60, \$3.70, \$3.75 and \$3.85, and some less, per car per day; we have manufactured our own electricity at a price, taking everything into consideration, outside of the interest on the investment, figuring up fuel and material we put in, it is costing us about \$2.65 or \$2.55.

Q. In one of the lines just outside of Rochester is run by buying the power, I think they stated they paid 2 cents per car mile, or 2 and a fraction. A. They do figure it by the car mile, but we have never done it in that way, and there was no opportunity of changing our contract.

Q. At 2½ cents per car mile it would make \$2.60 per day per car? A. Yes, sir.

Q. They claim that would bankrupt the company. A. Yes, sir; it is capable of being made lower than we are making it, under the best electrical conditions.

Q. Are you interested in the company? A. No, sir; in no way, shape or manner.

Q. You are quite familiar with the value of this property? A. No, sir; only as I have grown a trifle familiar with it since the receivership.

Q. Do you know what the cars cost? A. They were all purchased before I came into the company.

Q. Do you know what they cost now? A. I know what new cars would be worth; perhaps in the neighborhood of \$2,000 or \$2,500; they cost more than that.

Q. What cars are they? A. The cars we got made by Bush, of Troy, motors by the General Electric people, and the trucks made by the Peckham people, and different makes of trucks.

Q. Your car bodies are 16-foot car bodies, are they? A. I think so; I think 18-foot car bodies.

Q. Are they vestibule? A. Part of them are and part are not.

Q. Do you know the cost of an 18-foot vestibule-car body? A. No, sir; I am not familiar with that; the car bodies we have got cost, I think, in the neighborhood of \$900; the motors \$1,500, and the equipment and the trucks are worth in the neighborhood of \$250.

Q. That same car body to-day, and probably a better motor, can be purchased from \$700 to \$800? A. I dare say a better motor to use, that is, a lighter motor could be purchased less; these were bought in the early days of electric equipment.

Q. What value did you put on the property when you were appointed receiver? A. We never attempted a valuation; for our own information we made an inventory of the items and goods.

Q. What did they amount to? A. I don't remember exactly; we did not figure the real estate.

Q. Have you any real estate that the company actually owns? A. There is a question of litigation of the real estate of the company; it has been decided perhaps that it still remains the company's property.

Q. How much is it? A. It is estimated in the neighborhood of \$65,000 or \$75,000.

Q. Are you familiar with the cost of constructing a road similar to this? A. Well, no; we have done some work ourselves; I am only familiar with what we did.

Q. From that could you state what this road would cost per mile to build it to-day? A. No; if this road was to be rebuilt to-day the structure would perhaps be entirely different.

Q. If you were to build it just as it is, I mean? A. I don't know as I could give an estimate, just as it is, what it would be worth, but proper electrical construction to-day is worth in the neighborhood of \$12,500 a mile for single track; that is, without any pavement; that is straight track; I mean by that, no curves, switches, turnouts and things of that kind; these all come extra.

Q. Twelve thousand five hundred dollars a mile? A. Twelve thousand five hundred dollars I think would approximate it.

Q. What kind of rail would you use? A. Nine-inch girder rail, the best construction that there is.

Q. Is your road all paved? A. No, sir.

Q. How much of it? A. Only portions of it, and the paving that has been done has been done by the city, and we have not paid anything; our taxes are still unpaid; we owe the city the entire amount of tax, some \$80,000.

Q. Eighty thousand dollars? A. Yes, sir; I believe it will aggregate that much, when all the assessments are in where the paving has been done.

Q. You have got of motor cars, what did you say they were? A. Do you mean the number?

Q. Yes. A. About 29 cars.

Q. What other property has the road? A. It has got its real estate, tracks and franchises.

Q. I know; I have got that; but as to real estate outside of the franchises and tracks? A. Only what I enumerated; I believe all the real estate is embodied in the \$100,000.

Q. One hundred thousand dollars covers the whole thing, plant and all? A. I think it will.

Q. That makes the entire cost of the whole thing \$537,000, assuming that you had the very best construction for an electric street railroad? A. It could not be built for that; do you mean paved up?

Q. No, sir; you have not paid for that? A. No, sir.

Q. I have left that out. A. That is 34; of course there is a great deal of very expensive work in the heart of the city that has been laid by this company that we made in addition to the straight work I have spoken of.

Q. You can not very well get \$12,500 in to a mile of straight track where there is no paving unless you blow it in? A. I mean track laid.

Q. What is the difference in the cost of this road as it is constructed and one constructed as you would construct an electric road? A. Well, some rail that was laid by the people who extended this consolidated road, which is in the construction to-day,

and which would not be used to-day, actually cost at the time it was put in more money than a much heavier rail, and a proper rail, that would be put in to-day.

Q. I am figuring on to-day. A. The proportion would be, I think, the track for instance, we would pay in the neighborhood of a dollar a foot that we would use to-day, and the other track that is in there might not cost over 75 cents a foot; the labor of laying and ties and those things would run about alike.

Q. It is not possible, in your judgment, Mr. Mack, to have expended in the construction of this road \$1,246,000? A. I think that I could get up quite a railroad for \$1,246,000.

Q. Can you conceive any way in which business men could put \$1,246,000 into this road just as it is? A. Do you mean for the actual construction, the track?

Q. Such equipment as you have? A. No; I do not think it would cost as much as that.

Q. Have you ever figured out how much the road stands upon the books of the company as costing? A. I never have figured it out; no, sir; any more than it stands on the books and as put in reports as you see there.

Q. Here is your capital stock and your bonds? A. Yes, sir.

Q. Makes it a little over \$80,000 a mile, and you have got no power plant? A. Yes, sir.

Q. It is not any wonder that it is in the hands of a receiver? A. We have one small power plant.

Q. Yes; but you do not operate your entire road by that? A. No, sir.

Q. After they had gotten these roads consolidated and into the possession of the consolidated company, what did they do, quit with it? A. I am not familiar with what happened only since I am connected with the road, only by hearsay.

Q. How long have you, as receiver, been operating the road at a loss? A. We have, strictly speaking, I presume, since the road came into the possession of the receiver, been just about able to operate it without scarcely any loss, all things considered; of

course, we have not paid some State taxes and our interest; I mean actually loss of operation.

Q. How many certificates have you issued? A. We have issued a little over \$20,000, but it has all been for construction and pavement.

Q. For what? A. For some pavements that were not yet assessed; but we got permission for issuing certificates in case they were assessed; we got authority for more than \$20,000, but have actually issued \$22,500.

Q. Do you believe it possible to put this road on a paying basis? A. I do at a proper price; yes, sir; capitalization.

Q. Would you think it advisable to buy a set of those rollers and run this stock through it a few times and squeeze the water out of it? A. I think I had rather start over fresh; start at the bottom.

Q. Is it possible, in your judgment, to make it successful, charged with the capitalization of \$1,250,000 and a bonded indebtedness of \$1,250,000? A. Not immediately; no, sir.

Q. Is there a fair probability of its ever becoming? A. Only as a man might look into the future when this city grows much larger.

Q. I suppose you are running it as economically as possible? A. Yes, sir; but we are not getting the best results, because we have not got the best system and best tracks; we are getting minimum results; this has been bid in by the bondholders.

Q. Has it been really bought in by the other company, the Syracuse Street Railroad? A. I do not think it did at that time.

Q. Since then it has? A. No; I believe they have negotiated some.

Q. Well, run in connection with the other road? A. Yes, sir.

By Mr. Gleason:

Q. Who compose the bondholders' committee? A. I believe that Frederick Strauss was the secretary of that committee, and I don't know who else was in it; all the business that we did was with Mr. Strauss, the secretary of the committee.

Q. None of the organization committee live here? A. No, sir; they were all New York people; perhaps some people originally interested in the road, and very close to the bondholders' committee.

Q. Have you ever had any experience with railway corporations prior to this? A. No, sir.

Q. Have you with other corporations? A. No, sir; I have been in the mercantile business prior to this.

Q. Do you think the law ought to permit people to incorporate a company and bond it and stock it in the manner in which this was done? A. I believe that perhaps there should be a limit in the bonding and stocking of companies; I don't know just exactly the manner in which this was bonded and stocked; I could not answer that exactly.

Q. I don't know just the detail of it, but here is what they got, and here is what they issued? A. Yes, sir.

Q. And in real value they are so far apart it would take light a good while to travel from one to the other? A. Yes; it is some distance.

Q. Have you ever thought of the subject of giving the Railway Commissioners the authority to direct the manner of bonding railroads in the State? A. That is, to the extent in which they should?

Q. Yes, sir. A. I think that would be lodging a great deal of power in the commissioners; perhaps, too much power.

Q. You know the law to-day prohibits the increase of capital stock without the consent of the Railroad Commissioners? A. Yes, sir.

Q. Why wouldn't it be as advisable to acquire the assent of the Railroad Commissioners to bond the roads and mortgage them? A. Well, the owners of franchises in a city of this kind might have a different opinion of the values than the Railroad Commissioners; it might be smaller or larger.

Q. That is just what has been the trouble here? A. Yes, sir.

Q. You know when you make your fixed charges upon a road so high you put the company in a position where it can not make

the improvements and betterments it would make if the fixed charges were lower and it was running on a paying basis? A. I believe, like any business, it ought to be properly capitalized in order to make it pay.

Q. Supposing you were to-day running this road as receiver and had plenty of money from its operation, would you run it as it is to-day? A. No, sir; I would put it in first-class shape.

Q. You do not believe it is possible to make a suitable track for an electric road by laying rails on stringers? A. No, sir; this was an old horse-car line.

Q. But evidently the company has not been in a situation to change it over? A. No, sir; it needs, perhaps, an entire new track before it is a good road.

Q. About what are your monthly receipts? A. We vary; we run from \$12,000 to \$14,000; last month we run \$13,085; in August we earned \$14,500; July, \$15,981; June, \$15,986; we average in the neighborhood of \$13,000.

Q. Are those three of the months when your operating expenses are about as small as any other? A. In September we took in \$13,085 and disbursed \$13,609; that was actual cash; we have some receipts in the nature of old materials and money received from advertising and sale of different things that brings our receipts up.

Q. Will you give the details of expenditures for September? A. Yes, sir; do you mean what consisted the expenses of September?

Q. Yes; I suppose you have it on your monthly statement? A. Yes, sir; we file a report with the court once a month, and the amount of money, for instance, we disbursed for operation during September; repairs to horse cars, \$93.92; to motor cars, \$149.10; on motors, \$1,049.55; on trucks, \$278.72; feed, \$1,541.75; water tax, \$91.45; shoeing and blacksmithing, \$277.89; power and station expense, \$268.27; lights and fuel, \$28.30; repairs to electric track, \$920; repairs to horse road, \$150.91; repairs to harnesses, \$88.50; salaries of officers and clerks, \$387.14; wages of conductors and drivers, \$1,673.14; motormen and conductors, \$3,233.75; rental of electric power, \$1,381.55; the wages of stable men, starters and

so forth, \$1,328.15; the wages of station men, \$478.64; repairs to buildings and fixtures, \$18.43; advertising, freight, office expenses, \$116.89; and contingencies, \$52.41; that makes a total of \$13,608.46 for the month of September; now, during the month of September our receipts were \$13,085.79; so, in September, we run some behind in actual operation, but we gained a little last month, so we came out with \$185 cash on hand at the end of the month.

Q. You gained a little in August? A. Yes, sir; we lose and gain; it depends on what expenses, unusual expenses we might have; but during the time of the receivership it has taken the entire receipts to keep the road going.

Q. Charging off nothing for — A. Fixed charges and interest.

Q. And charging off nothing for actual wear? A. No, sir.

By Mr. Nixon:

Q. Under your contract with the city, do you have to pay any portion of your receipts into the treasury of the city? A. Only paving tax.

Q. You pay none of your gross receipts? A. No, sir; most of these franchises were old franchises, when the city was small; most of them have been in existence 25 years; they have been added together.

By Mr. Wade:

Q. You have not added anything to those for receivers' fees? A. No, sir.

Q. You are not doing this entirely for your health? A. No, sir; we do not know what our fees are to be; it has not been determined.

Q. You have got there, Mr. Mack, in the details of your monthly expenditures, the expenses of operating the horse-car line separate from the other, haven't you? A. That is the amount that is charged in repairing the horse track and those of the electric track.

Q. No; I notice you have conductors and motormen? A. Yes, sir.

Q. That means the electric road? A. Yes, sir; we do not merge, so as to keep the comparative cost of operating the horse and electric lines; that is what your question means, is it not?

Q. You have got in there, feed, \$1,500? A. Yes, sir; that is for the horse lines.

Q. How much is that? A. One thousand five hundred and forty-one dollars and seventy-five cents.

Q. Then you have for stablemen, starters, and so forth, \$1,500? A. One thousand five hundred and twenty-eight dollars and fifteen cents.

Q. That is the horse line? A. Yes, sir.

Q. Then you have conductors and drivers in another place? A. Yes, sir; that is the entire conductors and drivers.

Q. You have got conductors and motormen in another place? A. Oh, yes; \$1,673.14, that is separate from the horse; that is for the conductors and drivers.

Q. Now, what other items have you in those expenses that you can say go directly to the operation of that horse-car line? A. There is repair to the horse car —

Q. No? A. The feed and shoeing and blacksmithing.

Q. How much shoeing and blacksmithing? A. Two hundred and seventy-seven dollars and eighty-nine cents; relating to operation, lights and fuel, \$28.30 is the entire amount.

Q. Leave that out and the repairs of lines? A. There is repairs to the harnesses, \$88.50.

Q. That is like repairing a track; what do you pay for power? A. One thousand three hundred and eighty-one dollars and fifty-five cents electric power.

Q. Now you have got there your conductors and motormen? A. Conductors and motormen, \$3,233.75.

Q. Is there any other item you can charge direct to the electric? A. No.

Q. Only repairs and so forth? A. That is all; that is the bulk of it.

Q. That makes \$4,615; it costs you more, according to that, to run your 12 miles of horse-car line than it does your 18 miles of

electric line? A. Well, yes; yes, sir; but if you will figure up the repairs to the motors you will find that is quite an expense that should go to the electric line.

Q. If you figure the decay of your horses and natural wear and tear it will balance that account? A. It is cheaper to operate with electricity than with horse power.

Q. I suppose your electric line earns much the larger part of your money? A. Yes, sir; in fact, we have one electric line that makes up the deficit on all our other lines.

Q. Why not let the rest go down and run that? A. We want to keep our franchises; we did discontinue one line that was not paying and run one car a day over it to keep the franchise.

Q. Have you the possession of the books of the company? A. Yes, sir.

Q. And by a short examination can you give us the amount of the receipts for each of the years? A. Why, yes, sir; they are published in the reports; we can get the reports here and get them.

Q. You probably have them in your office? A. Yes, sir.

Q. Will you turn to them and make a memorandum of them on a piece of paper? A. I believe those books are right here; those reports of 1893 and 1894.

Q. I have got 1893? A. Here are the books, 1893 and 1894.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

Anson M. Palmer called and sworn, testified:

By Mr. Wade:

Q. You reside in Syracuse? A. Yes, sir.

Q. Are you interested in either of the street railways of the city? A. I am not.

Q. Have you been? A. Yes, sir.

Q. With what road? A. With the People's railroad; with the Syracuse and Onondaga railroad, formerly.

Q. When did you first become interested in a street railroad in this city or county? A. That is a difficult question; I should think more than 20 years ago, and nearly 30.

Q. That is about 1865? A. Shortly after the incorporation of the Syracuse and Onondaga Railway Company, I said nearly 30 years ago.

Q. That was with what road? A. The Syracuse and Onondaga Railway Company.

Q. That was a horse-car line? A. Yes, sir.

Q. Did you continue to be interested in that road many years? A. Yes, sir.

Q. Up to what time? A. I think about 1890.

Q. And you spoke of some other road you were interested in? A. I was interested in the Syracuse and Geddes simply as a stockholder; that ran from Salina street in this city to Geddes.

Q. That was also a horse-car line? A. Yes, sir.

Q. Then you spoke of the People's Railway Company? A. The Syracuse and Onondaga was sold or consolidated with the People's road.

Q. When was that done? A. In 1890, I think.

Q. Forming the People's railroad? A. Yes, sir; that was an organization by that name prior to that time, but the new corporation took that name.

Q. And subsequently these lines you have spoken of became merged into the Syracuse Street Railway Company? A. Yes, sir.

Q. Were you a member of that corporation? A. No, sir.

Q. How was that company formed? A. The Syracuse Street Railway Company?

Q. Yes, sir. A. I know very little about the formation of that company.

Q. Such a company was incorporated? A. I don't know anything about that; presumably so.

Q. And you disposed of your interest in the other two lines to someone? A. In the People's company.

Q. Was that sale made to the corporation itself or to individuals? A. I was away at the time the sale was made; all I know is

we got so much money for our stock, I presume the treasurer, Mr. Barker, could give you the details.

Q. You sold your stock in the other two lines to some person or company? A. Yes, sir.

Q. And the parties who acquired it consolidated these lines into the Syracuse Street Railway Company? A. As I understand it.

Q. And proceeded to electrify the roads? A. Yes, sir.

Q. Are they all operated by electricity now? A. I think all their lines are now.

Q. What was your Syracuse and Onondaga road incorporated for? A. Seventy thousand dollars.

Q. How much trackage did it have? A. About two miles; little over two miles.

Q. Did it have any bonded debt? A. No, sir.

Q. It was charged then for its capital stock for \$70,000 for two miles of track? A. Yes, sir.

Q. Was it a single track road? A. It was a single track nearly all the way at the time it was sold.

Q. And operated by horse power? A. Yes, sir.

Q. And that stock was sold to individuals representing the Syracuse Street Railway Company, or to the company itself? A. That was sold to the People's Railway Company; the Syracuse and Onondaga Railway Company was sold to the People's Railway Company.

Q. When was that sold? A. In 1890.

Q. What did they pay for the stock then? A. Some of the stock brought 200 and some of it less than that.

Q. What did yours? A. Two hundred.

By Mr. Nixon:

Q. How much of the capital stock had been paid in? A. I think originally the road was incorporated for \$56,000 and \$30,000 paid in; the road was operated for a number of years without any dividends to its owners, and the earnings of the road were kept in to increase the road and some real estate was bought outside;

Danforth Park was bought; later the road was built to Brighton for \$14,000; that \$14,000 was paid in in money, and the stock increased to \$70,000.

Q. There was \$14,000 paid in to increase the capital stock? A. Fourteen thousand dollars expended.

Q. Out of the earnings of the road? A. No, sir.

Q. I just ask if they issued new stock? A. Then they issued new stock to the parties who built the Brighton road.

By Mr. Wade:

Q. Had it paid any dividends up to that time? A. Yes, sir.

Q. Then your road consisted of 2 miles of track when you built it to Brighton, and was equipped with horse cars and operated by horse power? A. Yes, sir.

Q. And in 1890 you sold your stock for 200 to the People's Railway Company? A. Yes, sir.

Q. Who were the promoters of that scheme? A. There was a corporation formed; the residents, I think, were principally of Utica.

Q. Did your stock go to individuals then or to the corporation itself when you sold out? A. I suppose we were consolidated; the requisite steps were taken.

Q. How did you receive your 200, in cash? A. We received it in cash; the roads were purchased outright; the stock of the roads was purchased outright and afterwards they were put together.

Q. How much track had the People's lines after they acquired your Syracuse and Onondaga line? A. I think, with the double trackage, they had in the neighborhood of 19 miles.

Q. That was operated entirely by horse power? A. Yes, sir.

Q. And at the time of this purchase were you also a member of the People's Company? A. I became a member of it at the time of the consolidation; not before.

Q. What did you pay for that stock? A. The Consolidated Company was stocked for a million dollars.

Q. That was issued without any payment into the treasury? A. It was bonded for \$750,000, which represented the actual cost of the road, as I understand it, and the acquired lines.

Q. The stock was entirely water, then? A. The stock represented the growth that might come.

Q. You understand what is commonly called watered stock? A. Yes, sir.

Q. It was either water or wind and water? A. As I understand, the \$750,000 represented the money expended to that date, and it was bonded for that, and the bonds were held by the stockholders.

Q. And the stock was issued? A. To the stockholders.

Q. Without any consideration, is that right? A. It is, as I state it.

Q. You put it that that was sort of a prospective value? A. It was what the roads represented above the actual money expended in the consolidation.

Q. What was that? A. The cost of the stock of the various roads and the construction of the road itself.

Q. Above it, what was it, if it was any more than hope? A. I think the roads were worth more than the cost, and that the stock represented it.

Q. Then the stock consisted in the value of the franchise? A. Yes, sir; in the value of the properties as acquired.

Q. So that your road stood then to cost you \$1,750,000; that is, charged with your stock and your bonds; that is right, is it not? A. Yes, sir.

Q. When, in fact, it cost you \$750,000? A. Seven hundred and fifty thousand dollars represented the actual money expended.

Q. That was the actual cost? A. Yes, sir, of the People's road.

Q. And you say that had about 19 miles? A. Yes, sir.

Q. Subsequently that road went into the hands of the Syracuse Railway Company? A. Yes, sir.

Q. When was that? A. That was in the fall of 1892, I think.

Q. Had you commenced to electrify the road prior to that time? A. We had not.

Q. It was operated entirely by horse power then? A. Yes, sir.

Q. Did the Syracuse Railroad Company acquire any other road at that time? A. The Syracuse Railway acquired the Syracuse and Onondaga Railway and the Central City.

Q. The Syracuse and Onondaga had become a part of the People's Railway before that? A. No; the Syracuse and Onondaga and the Central City and the People's road were consolidated under the name of the People's Railroad; the three railroads were consolidated together.

Q. Did the People's Railroad Company own any road prior to that time? A. They owned the People's road at that time, a road representing at that time 10 miles of track.

Q. The three companies became one, then, prior to the Syracuse Railway Company? A. Yes, sir.

Q. What did the Syracuse Railway Company acquire, if anything, outside of what the People's Railroad Company had at that time? A. They acquired of the People's Railway simply the rights they had.

Q. I didn't know but some other road was taken in? A. There was three lines, the Central City.

Q. They at that time had become part of the People's? A. Yes, sir.

Q. I mean at the time; so that the Syracuse Railway Company did not have a line of its own at the time it acquired the People's line? A. No, not to my knowledge.

Q. What was the capital stock of the Syracuse Railway Company? A. I do not know.

Q. You sold your stock, then, in the People's line? A. Yes, sir.

Q. At what price? A. We sold our stock at 25 cents.

Q. You had previously received 100 for the 30 invested in the Syracuse and Onondaga? A. What was that?

Q. From the People's Company you received in cash, at par, for your stock that you paid 30 for? A. You do not quite follow; I said we received 200 for the stock of the Syracuse and Onondaga Company.

Q. That you paid 30 for? A. That stock cost about 30, I said, for the original capitalization, and then \$14,000 was added, which was, with \$56,000, was the cost of the stock.

Q. For which you got 140? A. For which part of the stockholders got at that rate; I got that for mine.

Q. When the People's Line sold out to the Syracuse Railway Company what did it sell for? A. It sold its stock for 25 cents on a dollar cash.

Q. Then you went out of the railroad business? A. Yes, sir.

Q. And that became merged into the Syracuse Railway Company? A. As I understand it.

Q. Do you understand the amount of the capital stock of the Syracuse Railway Company? A. No, sir.

Q. At the time you became a member of the People's Railway Company were you limited in the amount of stock you were entitled to take by reason of your ownership in the other lines? A. I don't know that I understand the question.

Q. You owned stock in the Syracuse and Onondaga line? A. Yes, sir.

Q. Which you sold? A. Yes, sir.

Q. And you became interested in the People's line? A. Yes, sir.

Q. Now, then, had you the liberty to purchase as much stock in the People's line as you saw fit at that time; or could you purchase so many shares for the share you owned in the Syracuse and Onondaga? A. My purchase had no reference to what I owned in the Onondaga.

Q. So you could purchase what you saw fit in the other? A. I understand the three roads were put together, and bonded for the actual cash—

Q. I know that; how did that determine how much stock you were to have; you did not pay anything for it? A. That was determined by the amount of money we put into the old company.

Q. That is it; so there was some basis for which your right to acquire stock in the new company was determined? A. Yes, sir.

Q. And that was based on your ownership in the other lines? A. No, sir.

Q. What on? A. On an agreement; the agreement in substance was, that we should put the roads together at cost, and put the roads together and see what we could make of them.

Q. But you had sold your stock for 200? A. I understand that; but I was one of the purchasers of stock, not only of that but the Central City road; the stock of the road was sold absolutely.

Q. To whom did you sell it? A. I sold to the company that was buying them up; the syndicate.

Q. I suppose the syndicate bought up the stock of the other two roads to consummate the merger? A. Yes, sir.

Q. Were you one of the syndicate or interested in it? A. Yes, sir.

Q. By virtue of your interest in the syndicate, you became entitled to so much stock in the new? A. Yes, sir.

Q. You got so much cash in the old stock? A. Yes, sir.

Q. And so much stock in the new company? A. Yes; my new stock was not dependent upon my interest in the old roads; bonds were not issued until some time after that.

Q. To arrange for it you made up all the cash investments in bonds? A. That was a subsequent arrangement.

Q. What was the capital stock — I think you said the capital stock of the People's Company was a million? A. That is of the consolidated company.

Q. And when you went out of that you took no further interest in it and knew no more about the Syracuse Street Railway Company? A. No, sir.

Q. Prior to your going into the People's Company can you tell about what dividends had been paid by the old companies? A. We had been paying 10 per cent. on the Onondaga Company.

Q. That is what you refer to as the Syracuse and Onondaga? A. And an accumulated surplus in addition to that.

Q. That is 10 per cent. on the par value of the stock? A. The \$70,000; yes, sir.

Q. At that time was there any bonded indebtedness on either of the roads you were interested in? A. No, sir; I am not so sure about the Syracuse and Geddes road; I think that was bonded; I think the Syracuse and Geddes road was bonded.

Q. Do you remember the amount? A. In the neighborhood of \$25,000, as I recollect it.

Q. Who were the promoters for the scheme of the Syracuse Railway Company, do you know? A. No, sir.

Q. Was it foreign capital? A. They were strangers to me; I never met the gentlemen until they came here.

Q. How much stock did you acquire in the People's line? A. I acquired a one-half interest.

Q. One-half of one million? A. Yes, sir.

Q. And have you been at all familiar with the operations of that road since that time, since the time the Syracuse Street Railroad was organized? A. No, sir.

Q. You have not been an owner of stock in it? A. Only interested in some bonds.

Q. How much did it issue bonds for? A. The People's?

Q. No. A. I don't know what the Syracuse Railroad did; I don't know what their bonded indebtedness is.

Q. They assumed the bonds of the People's? A. Yes, sir.

Q. And you still retain those? A. I did until within a year.

Q. So that if they issued any further bonds on the system they were junior to those you held of the People's Company? A. Yes, sir.

Q. How were the bonds of the People's Company sold; at what price? A. They were never sold; they were divided.

Q. You had to pay for them in some form? A. We had to furnish the money to buy the roads and we took the bonds to put the roads together.

Q. My inquiry means this; would you figure those bonds in that transaction at par or less than par? A. They may have been a fraction less, but they were substantially par; they were 5 per cent. gold bonds.

Q. Running how many years? A. Twenty years.

Q. Interest payable semi-annually? A. Yes.

Q. Those bonds you took, whatever you took, you did pay in actual cash? A. We took our bonds in liquidation of our claims against the syndicate.

Q. It amounted to the same as cash? A. Yes, sir; it was a form of holding the indebtedness.

Q. That was the idea, that the syndicate should acquire the stock, all the stock of these companies, at such price as it was able to obtain it at? A. Yes, sir.

Q. And for that money so paid out it should issue the bonds of the People's line and members of the syndicate take those bonds at the price agreed upon for the money that would be coming to any of them for the stock that was sold? A. I do not see how you can say that; our idea was to buy those roads as cheap as we could and put them together, thinking that the roads consolidated would increase in value; after that was done bonds were issued for an amount—

Q. It resulted in what I suggested, whether it was contemplated at the time or not? A. Yes, sir.

Q. Now, if you can give us the exact amount which was paid for the bonds or that they were turned over to you at in liquidation of the claim you had against the syndicate? A. The treasurer, I think, can give you that; somewhere from 95 to 97.

Q. Whatever it was, it was uniform? A. Yes, as far as I know; Mr. Barker can give you those.

Q. And when the People's line was completed and running it was operating about 19 miles of road; that is, of single track? A. Yes, sir.

Q. And thus it remained up to the time you went out of it? A. Quite a good deal was double track.

Q. When I speak of 19 miles, was that the entire trackage? A. As I remember it.

Q. Whether it was double or single it was 19 miles? A. I suppose it would be proper to say that in the consolidation of these roads the double tracking on the Salina street road was contemplated and that was part of the expense; these roads were double-tracked, as they were consolidated and put together; I think the contract was made in the name of the Syracuse and Onondaga Railway Company, but I am not sure about that; that was contemplated anyway, at the time of the consolidation.

Q. Have you had much experience with corporations? A. Not a very extensive one.

Q. Have you made the subject of transportation companies something of a study? A. Not especially.

Q. Do you think it conduces to a good sound business policy to permit transportation companies to issue stock so that the entire amount of stock actually represents nothing? A. I should hardly think that that was the situation, if you have reference to this company.

Q. Take your own case here; you had an actual investment of \$750,000; your books show that, I suppose? A. Yes, sir.

Q. That you covered by bonds, and issued a million in addition to it; do you think it wise for the law to permit the issuing of stock of a corporation, transportation company or any other company, except that that stock is paid for in cash or property at its fair market value? A. Well, I am sure I would not be a very competent judge on that.

Q. You do not believe that a railroad company going into the hands of a receiver in your city is conducive to the welfare of your city? A. No, sir.

Q. It would be better if that company were doing well and paying dividends? A. I do not think the capital stock should necessarily be the amount of the cost; possibly the capital stock might be limited to actual values; sometimes a thing costs more or less.

Q. Do you believe in the law permitting the watering of stock? A. There are objections to it; I can see that.

Q. Of course you appreciate the fact that when you attempt to induce men to go into enterprises that are by nature hazardous, an especial inducement must be offered? A. Yes, sir.

Q. Beyond a legitimate inducement for that purpose, if you were framing the law, would you permit them to go? A. I think to-day you are required to report the actual basis of this stock.

Q. You do not do that; I just took up the report of a railroad in this State, and they report \$1,000,000 of bonds going into construction, and that amount could not possibly be put into the construction of the entire system. A. That would be a question attacking the truth of the report; it is difficult to legislate against anything of that kind.

Q. Without insinuation or anything of that sort, you know enough about the Consolidated Railroad Company that you know they couldn't get a million dollars in the construction of that road? A. Their construction and their purpose—I know they were trying to buy the roads, and when you come to a man and want to buy a piece of property you must pay what he asks if you get it; I suppose a good deal of that must have gone into the effort to consolidate and connect them together; you must remember there was a number of roads separate, running into the center; no connection, no crosstown roads, no transfers from one to the other; I believe on the People's road you could come to the southern part of the city and get off the car and walk two blocks and catch another car going to the northern part of the city; just so, east and west; they bought these roads and tried to put them together, and the curves and crossings for the different roads is very expensive; I don't know how much they spent in that way, but money goes fast when you are trying to build railroads, with your paving bills and so forth; some of those were paid; I think the People paved some and the Consolidated paved some in the early days.

Q. Suppose you and I were going into a railroad enterprise to-day, and we incorporated our company with a capital stock of \$2,000,000, and we subscribed for just enough of that stock to create the corporation, 13 of us, and then we entered upon the construction of so much road and the building of a plant, and building of the road—you know how easily it is done and how the practice is followed of contracting with a construction company of which we are really the owners and proprietors, to construct the road and build the plant, and complete the road, for so much bonds and stock, the bonds of which take care of the whole business? A. That did not prove to be entirely good security in the case of the Consolidated.

Q. That is practiced all over? A. Yes, sir.

Q. Don't you think the law ought to control in some respect that business; in other words, you see, when we are through with that scheme which I just put to you in a hypothetical question,

we have not got substantially a dollar of our own money in it, but we have the stock of the whole company, and we have floated the bonds somewhere at par or less? A. I suppose it is right; and the effort has been made to throw the safeguards around the matter in such a way that no false pretense should be put before the public; you wouldn't hardly expect, because a road was capitalized for \$2,000,000 that it necessarily cost that; you would look it up.

Q. Of course. A. Of course, if it opens the way to fraud, it should be checked.

Q. But we get our road by that measure loaded down with indebtedness and fixed charges? A. Those are in the bonds; there are no fixed charges to stock.

Q. But the bonds represent the cost of a road, as a rule, and the stock represents the river or lake or stream by which the road is situated; now, I ask you as a business man, if you do not think it would be wise for the law to prohibit to that extent, do not you think it would be wise for the law to prohibit their filling the stock absolutely with water; should it not represent money? A. I think it is proper to say that it should represent some value.

Q. That is one of the most elastic terms anyone can use. A. Is it not a correct one?

Q. My experience would not lead me to that conclusion for the reason you and I could get an amount on which we placed a fictitious value? A. I am speaking of the real value.

Q. That we never know; we can get a jag cure and estimate our practice is worth \$2,000,000, and who can say it is not; do you think it would be a good idea for the law to prohibit the issuing of railroad bonds except by the assent of the Railroad Commissioners? A. I understand we can not now increase the capital stock.

Q. I am talking about bonds; that is just the trouble; the Railroad Commissioners have nothing to say about that now.

By Mr. Nixon:

Q. The Railroad Commissioners did have two or three years ago, but the law has been repealed. A. I thought they did now.

By Mr. Wade:

Q. That is, it insures a more substantial basis for the road?

A. Yes, sir.

Q. It is not any benefit to your city, the fact of this road being in the hands of a receiver? A. I should think it was an injury.

Q. And the other is running itself, is it, the Syracuse Railway?

A. Yes, sir.

Q. Putting the road into the hands of receivers of course results in publishing it as an insolvent institution? A. Yes, sir.

Q. The tendency is to reduce its patronage? A. I think so, very materially.

Q. Mr. Palmer, when you speak of the value of a railroad, and you get that value above the actual cost of construction and equipment, all of that excess is the value of the franchise, is it not?

A. Well, you might say that the franchise carries everything else with it; of course, the actual value of the road depends on its location.

Q. I am not unmindful of the fact that the franchise, when granted, may be of little or no value, but when utilized it may be of great value, but when you get above the cost of construction and equipment the value is the franchise itself? A. I think so.

Q. You know the subject of these franchises by municipalities has been a matter discussed quite extensively throughout the State for a good many years, and I wish you would tell the committee your idea of the best method of granting or disposing of franchises in the cities of the State? A. I do not know that I have ever formulated any plan; I have thought a good deal over the system of municipal ownership.

Q. What do you think about that? A. From what I have read about its success in the city of Glasgow and some other places, it would seem to be a good thing for the public.

Q. Do you believe it would be a good thing for Syracuse for the municipality to own these railroads and operate them? A. That is a hard question.

Q. That, you see, comes right home to you? A. Yes, sir; I see it does; I have been inclined to believe that it would be a good thing to have the city own its own railroads.

Q. Would you be willing to have the city pay for all this water that has entered into this business? A. It is difficult to speak of all this water; I should be willing to have them pay for the value of the property if they buy it; you can see our stock did not sell for a million because it was stocked for a million; it sold for \$250,000, and was worth it.

Q. I see it sold for \$250,000, but there was never a dollar paid out for it? A. There was an earning capacity there; that determines the value.

Q. To be sure it does. A. And it had the location through the principal streets, and is to-day a good road as long as there is a city here with a perpetual franchise.

Q. Have you ever had any experience in the management, the details of the road? A. Somewhat; perhaps not as thoroughly as some.

Q. Does your experience lead you to the conclusion that the successful operation of a road involves the employment of skilled men in that business? A. It certainly does in some departments; I am not familiar with electric roads, never having had any practical experience in them.

Q. You can see that must require greater skill? A. It must.

Q. Take the horse-car line, and do you think any fairly good business man could come along and run one? A. There would be differences in results.

Q. Would you think changes in its management would be conducive to its welfare? A. Not too many.

Q. Say, as the fashion is of political parties in a city? A. That is one of the difficulties in our American cities; I would like to have that eliminated; if it is in any way a reward for seeking office, why, perhaps, it would not be a good thing.

Q. Are you somewhat familiar with the politics of your city? A. Somewhat, but not very thoroughly.

Q. Do you think that would cut any figure here in Syracuse? A. That probably would have as many answers as you would ask individuals; that is simply an opinion of the individual.

Q. But politics are much the same the world over; that is, the State over; would you place the street railroads of the city under municipal ownership if you had it entirely in your power to-day; would you do that unless you could eliminate politics? A. I should want it in the control of a nonpartisan board, like our water-works system.

Q. You would want it entirely separated from politics? A. Yes, sir.

Q. Then why would you want the city to control it under those circumstances? A. Simply if all but actual cost could be saved to the city, the profits that would accrue to the stockholder would go to the city.

Q. Reducing the taxation? A. Either reduce the taxation or reduce the fare to the citizen.

Q. Which would you think the best to be done? A. Perhaps both could be done.

Q. You could not reduce the fare without making the city pay? A. I understand in the city of Detroit they have not reduced their receipts very much by reducing their fares; they are still getting large returns.

Q. That ought to justify another reduction; what class of people would you favor by the use of the electric lines over any other class, if you could? A. I do not understand the question.

Q. Is there any class of people that you would prefer having the benefits of street railway traffic over other classes? A. I hardly know how we could discriminate in classes in matters of that kind.

Q. Here is an individual, perhaps of immense wealth, that rides to and from his business in the morning in his own carriage; the coachman brings the team, and it is a matter of indifference to him whether a car has one or fifty on board; and here is another man that can not keep a carriage, and by reasons of his circumstances lives in the outskirts, but has to go to the centre of the city to earn his living, and he must travel over these two or four miles in some manner, and the street railway seems to be the only way; between these two individuals whom would you benefit?

A. I do not see any grounds for an unequal rate of fare between the two, if that is what you mean.

Q. You know the man who works must ride to and from his work in certain hours of the day, and the other man, if he rides at all, it is merely a matter of choice when it is convenient for himself; you see no reason for making cheaper rates of fare during the hours when the laboring man should ride? A. I suppose the millionaire could ride during those hours.

Q. Certainly. A. Oh, yes; I do not understand the question.

Q. In other words, is not your city benefited most by the street railroad company when it furnishes your laborers and your clerks and your artisans who work for a living, the cheapest possible fare to and from their labor? A. I think that is true.

Q. And is it not better for your city to forego taxes on your railroad company if by so doing it can convert benefits on the class of people I have mentioned? A. I incline to that view somewhat.

Q. In speaking of municipal ownership, how far would you carry that idea; would you carry it into any enterprise that the fancy of a municipal government might dictate? A. I think that it should include, if it was to be tried, if it can be thoroughly guarded against the dangers that there is in the form of government, it might include the transportation, the lighting of the city and the water.

Q. Water is a matter that involves public health? A. Yes, sir.

Q. And lighting, to some extent? A. Yes, sir, lighting and transportation.

Q. Transportation does not? A. This does, in a sense, the transportation to and from the outskirts of a city.

Q. Would you carry it into any other enterprise; for instance, a store of any kind? A. No, sir; do you mean a co-operation or municipal ownership?

Q. No; municipal ownership? A. I have not got as far along as that.

Q. You do not indorse Bellamy's book to that extent? A. No.

Q. Have you read the history of the municipal roads in Australia? A. No, sir; I have not.

Q. Do you know whether, as a fact, the municipal ownership in Glasgow has recently demonstrated it is very much nearer failure than it has before? A. I have no authentic information.

Q. Have you seen the reports in the press of that character? A. No, sir.

Q. How would you have the city acquire these railroads in Syracuse, in case we were going to adopt the system of municipal ownership? A. I have not any plan thought out in relation to that; I have not supposed there was any probability in the near future; still it may be.

Q. You would not want to suggest a plan without more thought on the subject? A. I have not given it sufficient thought.

Q. Would you be willing the city should purchase the Syracuse Railway system on the same basis that the People's purchased your line? A. I think it would be a good purchase for the city if they bought it, if they could manage it properly in the future; or, in other words, I think the roads were worth all they cost the People's Railway.

Q. You know to-day that all men have ambition to advance in the world, and rise in the world in business pursuits, and that is the hope of the American people, is it not? A. I think it is well that that feeling should be general; I have seen people—

Q. I do not mean you should select a willing drone, but the typical American is never satisfied with the end that he has attained and he hopes for something more; and the laborer does not mean to retain so all his life; do you think it would be well to take away from him that ambition and hope and aspiration? A. No, sir.

Q. Can you think of anything that would do more towards the destruction of it than the adoption of Bellamy's theory? A. Well, it would affect different temperaments differently.

Q. But that does not leave anything but an official position for anybody? A. That is true; it leaves a comfortable support after you are 60 years of age; that was the theory.

Q. Would you be willing to stay down now if you knew you were going to have enough to eat and drink and wear? A. I think the strife would be much less between labor and capital.

Q. Of course, strife of all kinds would cease. A. Yes, sir.

Q. Ambition is unknown? A. Yes, sir.

Q. And existence is a thing to be endured? A. I think it is very difficult without actual experience to put yourself in a laborer's place with a large family and \$1 to \$1.50 a day during these winters that are coming on; there is not a great deal to stimulate ambition and hope and aspiration; I was talking with a gentleman the other day that said he had a wife and five children, and had to pay \$2 a week rent, and he was earning \$9 a week.

Q. And because he had accumulated five children, and was only earning \$9 a week, the balance of the world should surrender ambition? A. No; I was speaking of his situation.

Q. You know the idea that all men are created equal is the greatest fallacy in the world? A. I have no doubt of it.

Q. It is a sort of survival of the fittest? A. Yes, sir.

Q. To get back to your road; have you heard any complaints about either road, about crowded cars? A. I do not know that I have particularly.

Q. Do you hear any complaints about the actual operation of the road? A. We are having very good service on the line I travel over; it is very much improved.

Q. What road is that? A. That is the People's road; the Syracuse Street Railway Company; there has been a good deal of complaint about the condition of the consolidated road and the lack of sufficient service.

Q. You think that road, put into shape, would do considerable business? A. Without question.

Q. What is the population of your city? A. I think the directory claims 126,000.

By Mr. Wade:

Q. You reside in Syracuse? A. Yes, sir.

Q. Are you interested in one of the street railways of the city?
A. Not at present.

Q. Were you formerly? A. Yes, sir.

Q. Of what company? A. The People's Railroad Company.

Q. When did you first become interested in that company? A. Eighteen hundred and ninety; in the spring of 1890.

Q. At the time of its organization? A. Yes, not at the time of the original People's Railroad as organized, but at the time just prior to the absorbing of the Salina street lines.

Q. Then you were a member of it at the time they consolidated with the other lines? A. With the Salina street lines.

Q. With the Syracuse and Onondaga? A. Yes, sir, and with the Central City.

Q. Did the People's line itself have a road that became part of its lines at that time? A. Yes, sir.

Q. Mr. Palmer has told us the manner of that consolidation substantially; you were the treasurer of the People's lines at the time? A. Yes, sir; I became the treasurer along in August.

Q. How was the stock of these other two companies purchased; by the company itself of a syndicate? A. By the company itself.

Q. Paid for out of the treasury? A. Now; now, wait; they purchased the stock of the Syracuse and Onondaga, and they purchased the stock of the Central City.

Q. Who? A. The syndicate, and then —

Q. The syndicate transferred it? A. Yes; and then it was all put together with the People's.

Q. And they took bonds for it? A. Yes; there was a new company formed and it was all taken into one company.

Q. And the bonds that were issued at that time were intended to cover the entire cost of all three lines? A. Yes, sir.

Q. And the stock was a bonus? A. Yes, sir, that was what it was.

Q. The bonds were \$750,000? A. Yes, sir.

Q. And the stock \$1,000,000? A. Yes, sir; and the bonds represented the actual money paid out.

Q. There came a time when the Syracuse Railway Company acquired those lines? A. Yes, sir.

Q. How was that done? A. From my standpoint, they purchased the entire capital stock of the People's Railroad.

Q. Yes; at 25? A. Yes, at 25 cents on every dollar of it.

Q. What other line did the Syracuse Street Railroad purchase? A. The Syracuse did not purchase the People's right out; it was through a syndicate.

Q. Yes, I know. A. Then they acquired some interest in the consolidated; that I do not know; I was on the other side of the deal.

Q. That syndicate consisted of gentlemen from New York and Pennsylvania? A. And Cleveland; the same people that are interested here to-day.

Q. They came in and purchased that line for \$250,000 of the capital stock that was issued as a bonus? A. Yes, sir.

Q. And that stock was surrendered up and cancelled as it went into the Syracuse Street Railroad? A. That I do not know.

Q. Did they build any additional lines? A. They went right on improving the lines, put down double track and extending the line, and have been ever since rebuilding; they built the Consolidated line of $8\frac{1}{2}$ miles.

Q. They have extended the road to some extent? A. Yes, sir.

Q. Do you know what the capital stock of the Syracuse Street Railroad is? A. Mr. Gannon, what is the capital stock?

Mr. Gannon.—Two millions issued, with an authorized capital of \$4,000,000.

Q. How much bonds put out? A. I do not know.

Q. You ceased to be connected with the railroad company then? A. They left me in as treasurer until a year ago last May.

Q. You have made the reports right along to the comptroller? A. Yes, of the People's but not of the Syracuse; they run the People's right along as the People's up to the first of May, 1894.

Q. When they became extinct you went out? A. Yes; my connection was with the People's road from 1890 to 1894.

Q. Its bonded indebtedness remained the same as it was? A. Yes, sir.

Q. And since then you have had no connection with it? A. No, sir, I have not.

Q. Your experience in railroad business covered, then, a period of some years? A. About four years.

Q. And were you familiar with the details and management of the road? A. To a certain extent; during that time I was occupied as I am now, as cashier of a bank, and of course the minute details of running a railroad I did not give much attention to, but the finances and the general conduct of the road.

Q. I suppose you drew checks for bills that were O. K'd? A. Yes, sir; the manager O. K'd the bills and I audited them.

Q. During that four years did you study the subject of street railways and the management of street railways to some extent?

A. Not to any very great extent; I became very familiar with the difficulties of running a street railroad, and of the troubles we had here.

Q. You are aware of the fact that the subject of street railways and municipal government is agitating the minds of the people to quite an extent to-day? A. Yes, sir.

Q. And that they are very closely allied to each other? A. Yes, sir.

Q. And there are certain people who believe that the cities ought to own and operate the street railways; you know there are some people? A. Yes, sir.

Q. What do you think about it? A. If the question of politics could be eliminated entirely, if the city government could be run on purely business principles as you run the New York Central Railway, I should think it would be a good thing.

Q. Would you be willing to manage your bank in that way, by which each person in common gets it by reason of some pull? A. I am eliminating the pull out.

Q. Do not cite the New York Central then. A. Is the Central a system of pulls; then I take that all back.

Q. In other words, a good management is good, whoever has it?
A. Yes, sir.

Q. And that is essential to the successful operation of the road?
A. That is right.

Q. Do you think that after the road has paid a fair return for the money invested in it, that the earnings beyond that point should be prohibited by reduction of fares, or should it be turned into the treasury to pay the taxes on your bank? A. I think that if a street railroad will pay a fair percentage upon the money invested, that after that the public should have the benefit of the surplus.

Q. Turned into the treasury? A. Yes, in some way; either by reduced fares or some other way.

Q. That is just the question; which should it be; it makes a mighty sight of difference? A. Do you mean which way the public should get the benefit.

Q. Yes, sir. A. I think by reduced fares.

Q. In other words, a man who is that unfortunate, and it matters not how the misfortune overtakes him, who is working for a living, should be relieved from the burden of taxation as much as possible? A. I think, as a general proposition, the taxes should be made as light as it can be, as compatible in running the government.

Q. You, as cashier of a bank, are better able to pay for the support of your city, to pay into the treasury to maintain your city government, than a man working for \$1 or \$1.50 a day? A. We pay proportionately; the man who is working for \$1 or \$1.50 a he don't pay any taxes.

Q. He does indirectly. A. Indirectly, yes; but he receives the same protection from the police and fire department and health department that the millionaire does; I do not believe in the income tax.

Q. Do you believe in this, Mr. Barker, that a transportation company that occupies public streets ought to be so managed that it will benefit that class of people who by virtue of their occupa-

tion are forced to use that line; if you and I use that as a pleasure trip is one thing; they using it going to their business is another thing? A. A street railway being a sort of public institution, and occupying public streets, is different somewhat from an entirely private corporations; I agree with you that when the parties who put their money into it, after they get a fair return for the money invested, that after that the reduction of fares would be entirely proper.

Q. You think it would be more beneficial to the corporation to have it turned into the treasury — instead of reducing the fare?

A. Yes; that would be fooled away.

Q. That would hit the municipal ownership right in the face?

A. I say, eliminate politics from municipal ownership, which we can not do yet awhile.

Q. You know when our laboring men are best employed and at the best wages our country is most prosperous and our people most happy? A. I agree with you entirely.

Q. And whatever legislation can be enacted and whatever public policy can be adopted conducive to that end, ought to be?

A. Yes, sir; I agree with you there; that is good Republican ideas.

Q. That is good American ideas too; you know we are organized on a broad basis here; do you think it more feasible to operate the street railroads through the agency of the municipality than it is to operate your bank; supposing both could be kept out of politics? A. I hardly think a bank could be operated that way.

Q. Why not? A. Simply because with the street railway you deal simply with the public; you charge so many fares and operate your road; when you come to a bank, to loan money to individuals and corporations, and the bank is supposed to be fairly well informed of its customers.

Q. Of its business? A. I know, and you could hardly have a municipality manage that as well as a corporation.

Q. Why, you know just as much about the credit and financial standing of Mr. Palmer as the city officials would? A. What is that?

Q. You would know just as much about the financial standing of Mr. Palmer as a city official as a bank official? A. Yes; but a bank maintains confidential relations with all its customers, which, managed by a municipality, could hardly be the same; I do not think you could, especially if you were changing your officers all the while.

Q. You do not intend to make any loans that are not secure, and as an official of the bank you undertake to protect the bank in that respect? A. Yes, sir.

Q. As an official of the city you would do the same thing and put forth the same effort? A. The subject has never occurred to me.

Q. I suppose, of course, your bank pays a 10 per cent. dividend; just think what that would be to the city turned into the treasury? A. It would be a good thing.

Q. These are questions, of course, when you strike the subject of municipal ownership, that can be carried out ad infinitum? A. It is a peculiar subject; I know very little about it.

Q. There is this difference, I suppose, you appreciate, as everyone does, that a railroad company is more in the nature of a public corporation than a bank or store? A. That is what I intended to say.

Q. But you seem to hit the thing on the head when you preface that little "if" you can eliminate certain features that would destroy it? A. That is the great drawback.

Q. I suppose you know enough about railroad matters as you do of other matters to know that a frequent change of management is disastrous to that business? A. Yes; it would have to be maintained on a civil service basis.

Q. You, as an official of a bank, and understanding it thoroughly, and making a success, might make a failure operating a railroad, putting forth all your energy and ability? A. Yes.

Q. Human nature is so constituted? A. Some men are particularly adapted to a large property of that sort, and some other men to some other business; you change them around and both would be failures.

William P. Gannon, called and sworn, testified:

By Mr. Wade:

Q. Are you a resident of Syracuse? A. Yes, sir.

Q. Your business is attorney-at-law? A. Yes, sir.

Q. Are you the attorney for one of these roads? A. Yes, sir.

Q. Electric road; which one? A. I am the attorney for the Syracuse Street Railway Company, and I have been one of the counsel for the receivers of the Consolidated road.

Q. How long have you sustained the relation of attorney for the Syracuse Railroad Company? A. Since the date of its incorporation, which was about July, 1892.

Q. And as such you are familiar with its affairs? A. Its legal affairs, and somewhat with the others.

Q. That involves the amount of its capitalization? A. Yes, sir.

Q. And the extent of its bonded indebtedness? A. Yes, sir.

Q. And other indebtedness of importance? A. Yes, sir.

Q. Who were the promoters of the scheme which resulted in the organization of this corporation? A. W. R. Kimball and W. W. Hazard and others; they were the chief.

Q. Where did they reside? A. Mr. Kimball lived at Cincinnati and Mr. Hazard at Cleveland.

Q. They are largely interested in street railroad affairs? A. Yes, sir.

Q. And I suppose they formed a syndicate that acquired the People's line here, with a view of putting it into the new company? A. I understood that that was so.

Q. And were you familiar with the terms on which they acquired the People's line, the stock of the People's line? A. Yes, sir.

Q. That, I think, Mr. Palmer said was 25 cents on a dollar, \$250,000, assuming its bonded indebtedness was \$750,000? A. They did not assume its indebtedness as a syndicate.

Q. They bought the stock and that went with it? A. Yes, sir.

Q. Now, when you came to consolidate that system with others, with the Syracuse Railway Company, the Syracuse Railway Com-

pany had to make some provision for that bonded indebtedness?
A. They did not assume; they bought the property subject to that; they remain underlying bonds still, of \$750,000.

Q. They bought the stock? A. Yes; and the company.

Q. How did the company buy the company? A. They took a deed signed by practically all the stockholders; that was an additional security by way of conveyancing the property; it might not have added anything to the validity of the transfer.

Q. Is the People's Company kept up still as an organization?
A. It is still an organization for the purpose of paying its debts; it is not yet legally dissolved.

Q. The road has passed into the hands of the Syracuse Street Railway? A. Yes.

Q. What is the stock of that company? A. Five million dollars.

Q. How much issued? A. Two million seven hundred and fifty thousand dollars; there was property turned in for that stock.

Q. What was that property? A. The property consisted of the property of the People's Railroad Company and property known as the Iron Pier property, which is a small resort on Onondaga lake, and additional pieces of real estate which are on other parts of Onondaga lake, and partially in consideration of the construction of additional road.

Q. You speak of property of the People's line; that was simply the stock? A. It was represented by the stock.

Q. It could not be otherwise than that? A. Yes; the stock simply represented the property.

Q. When you bought the stock you got the property? A. That is right.

Q. So that all that was turned in from that company was its stock? A. Yes; what it had.

Q. The deed you made of this property cut no figure? A. Except as an additional assurance of title.

Q. Do you think the railway corporation is authorized to convey its franchises and property as an individual? A. No; not in the sense that it can sell its own franchise to exist, to live, but it

has a right to sell its property; I should think as a legal proposition perhaps they had no right to do that.

Q. In other words, when its stock went, it took with it everything that the company had, assets and liabilities? A. I should say so.

Q. And that was \$1,000,000 of stock? A. One million dollars of stock and \$750,000 of bonds; that was the bonded indebtedness; and I think there was a floating indebtedness.

Q. That would go just so much further to minimize its property? A. It might.

Q. It must of necessity do that, unless there was something in the nature of property to represent it? A. Yes; that may be so; in all probability it is so.

Q. That represented to the syndicate \$250,000 in money? A. Yes, sir.

Q. Now, you have spoken of the Iron Pier property; and that consisted of what? A. Of some land and a large building.

Q. How much land? A. I can not tell; perhaps 50 or 60 acres.

Q. How much was it worth? A. I understood that the building cost to construct over \$105,000 or \$106,000.

Q. What was the whole thing worth? A. I do not know.

Q. Who owned that? A. That was owned by the Iron Pier Company.

Q. How did the syndicate acquire that? A. By the purchase of its stock.

Q. That was a corporation also? A. Yes, sir.

Q. How much did they pay for that stock? A. That I can not tell; because the purchase of that was made the condition of the sale by the people who owned the stock of the People's Railroad Company, by the people who owned that stock.

Q. The same fellows? A. The same parties.

Q. How much was the Iron Pier Company stocked for? A. I have forgotten; something over \$100,000.

Q. You do not remember what they paid for that? A. No; I do not remember how much they paid for it.

Q. The other real estate they acquired, what was that worth?
A. I do not know; there were perhaps eight or ten pieces that were picked up around the lake, thinking future resorts might be had there.

Q. How much actual money was paid out by the syndicate for this property that was turned in for this \$2,750,000 of property that was turned in at? A. I don't know; I think if I give you a general idea of how it was done —

Q. Go on. A. The property at one time, the stock of all this People's Railroad Company at one time was in the hands of a man by the name of Theodore H. Conderman.

Q. Where did he live? A. In Philadelphia.

Q. And the Syracuse Street Railroad Company after its organization, issued stock to the amount — A. That I have stated, or nearly that, gave him so much stock in consideration of the purchase by it of stock of the People's Railroad Company; in other words, it was largely a question of transfer of stock, the Syracuse believing the stock of the other company was worth so much money.

Q. Did Mr. Conderman buy this stock for the syndicate that had this scheme in contemplation? A. I could not swear to that.

Q. Is there any doubt about it? A. I would not want to swear to it positively.

Q. I do not mean any reflection? A. I know; but these are things that happened in the syndicate, and they held meetings I did not attend.

Q. Did the issue of the stock of the Syracuse Street railway bring into the treasury any money whatsoever? A. Yes, some; but I do not know how much.

Q. Was it anything beyond a nominal amount? A. Oh, yes; it was several hundred thousand dollars.

Q. Who paid that in? A. I think the syndicate; you know they have gone on and built a lot of property; they have built some new lines.

Q. Your company is the Syracuse Street Railroad Company?
A. Yes, sir.

Q. Here is the Syracuse Union? A. The Syracuse Union was a road built to construct about a block of street railroad to be used in town by all the street railroads that make up the consolidated.

Q. That became absorbed in that transaction? A. Yes, sir.

Q. Your report of 1894 shows that \$55,000 of the stock was issued for actual cash? A. I did not know that.

Q. And \$2,200,000 on account of road purchased? A. Yes; I guess perhaps that is right; I do not know .

Q. So that for the \$250,000 which they put in there to buy the stock of the People's line and for the Iron Pier lands, these other tracks, they issued \$2,200,000 of stock? A. I would not say that they did that; I think it should be put that they issued it on account of the value of the property.

Q. All right; they made a good bargain when they purchased then; who lives in Syracuse who would be likely to know of this transaction? A. Mr. William R. Kimball, but he is in New York now.

Q. There is not any question about that, but that is just what the \$2,500,000 represents? A. I do not know about that, really.

Q. What other property did it get? A. We will say it was nothing but that property.

Q. I assume that is so? A. I think that report is about as near correct a statement as you can get of it; although I did not see it.

Q. "Issued on account of road purchased;" that is a most elastic term? A. Yes, sir.

Q. That is demonstrated by the fact you have been buying land for summer resorts and prospective summer resorts, and it goes in here as road purchased; I suppose that is property purchased, to be used in connection with the road? A. I suppose so.

Q. And undoubtedly is correct in that respect; you see the stock they purchased was so much water? A. I do not know that; I have heard Mr. Palmer sworn here.

Q. There is no doubt about that; and into one quart of that water you pour three or four gallons by this transaction? A. I deny that.

Q. Then you will have to modify this report; you see there is a million you immediately convert into \$2,200,000? A. We went on the theory that there is a piece of property that people differ as to the value of it, and we happened to be higher bidders.

Q. Nevertheless, it is amusing all the way through? A. That is more charitable.

Q. Your experience with corporations ought to lead you to the conclusion as to what the law of the State ought to do with just exactly such matters as this; here you had in your city some street railways being operated, and people come in from outside the State with the old syndicate scheme, first acquiring the stock, organization of a new company, consolidation of the whole thing, watering the stock at any per cent., sometimes greater and sometimes less; now, do you think the law ought to permit that? A. The law does not permit it.

Q. What is the reason it does not? A. The law says that you shall not issue stock for anything other than property or labor.

Q. In a railroad corporation? A. Oh, yes; any corporation has a right to do it; there is no doubt about that, is there?

Q. I had some? A. I may be mistaken.

Q. But supposing that is so, and then the promoters of the scheme, the fellows interested in the watering of the stock, are the people who fix the valuation; why, you see the statute is a dead letter instantly? A. The statute protects it pretty well, and so does the common law; so long as men differ as to the value of property and are willing to risk their money —

Q. But they do not risk any? A. But they must risk some, otherwise they would not find themselves in the situation to take advantage of the situation of affairs.

Q. Take the People's line; in the first place they issued the last cent and issued bonds and floated them, and then issued \$1,000,000 of stock? A. I did not know anything about that.

Q. There is a fair illustration; now, your syndicate paid 25 cents on a dollar for that stock, issued in that manner, and for it they issued twice as much more? A. The fact that they paid 25 cents only, and did not pay \$1 does not militate against their idea that the property is very, very valuable.

Q. It does not militate against their idea that some day they may be able to pay dividends on that increase of stock? A. Here is another phase; it has become generally known that from the change from horse to electric power, by the economics in that direction great advantages have accrued to street railroads, and great profits realized; it may have been that that actuated these gentlemen.

Q. What is the present bonded indebtedness of the Syracuse Street Railway? A. Authorized issue, \$2,500,000.

Q. How much issued? A. I think actually issued, something over \$2,000,000.

Q. So you see there they have obtained the money for building, extending, and electrifying the road? A. Yes, and they have built power-houses and all that.

Q. That is part of electrifying of the road; no fellow seems to have put in anything on the stock; you have no doubt but what the stock actually issued for this road, if paid in cash, would build every inch of it, equip it, and have something left? A. The condition of affairs would not permit it.

Q. That would do it would it not? A. Yes, sir.

Q. How many miles of road has this company? A. Twenty-eight miles, Mr. Moffat says.

Q. Two million five hundred thousand dollars of bonds? A. Yes, sir.

Q. Two million five hundred thousand dollars of stock? A. Yes, sir.

Q. Five million dollars? A. That is not half as large as it is in Philadelphia and New York and Brooklyn.

Q. The result is, in Brooklyn, it is in the hands of a receiver? A. I mean Buffalo.

Q. No; the river wouldn't hold any more water; no; but you have only 28 miles of track, and you have against that \$5,000,000 of obligations? A. Yes; but there is a good deal of that trackage that will do away with the necessity of keeping a considerable number of miles of track of the other roads.

Q. Where are your tangible assets? A. The franchise is of great value.

Q. But that belonged to the city? A. It gave it to the railroad company on some very onerous conditions

Q. That is not quite \$200,000 a mile for your road, but it is pretty near it; now, can you conceive of any system in the world more conducive to bankruptcy than that? A. Yes, I can, but you do not want that on record.

Q. A reasonable amount of water? A. I am not enough of a railroad man to tell what the prospects are; it is limited to years' experience in the law department; I think there are some things in which the railroad law should be amended; I tried to get two amendments last year.

Q. What did you want? A. That section in relation to consents; if you will remember, it provided that in determining the necessary amount of consents you should take into consideration the value of the property as it appears by the last assessment-rolls of the city adjacent to a park or a city property along which you intend to construct your lines; now, we have a condition of affairs here which we were going along park lands, and we assumed that the proper construction of that word "adjacent" would be property across the way, park upon one side of the street and opposite side built up with residences, and we suggested the word "adjoining" instead of the word "adjacent," and that bill got through the Assembly; and there was another thing the street railroad people throughout the State believe that they should have the right to operate their roads and run on their tracks along a street where a local improvement was being made, so long as the improvement could be made and allow the company to run at the time; I got a decision to that effect and I tried to get a law.

Q. There was never any doubt about that? A. Some people in this city thought there was a doubt about it; the court did not.

Q. Has your road ever paid any dividends? A. No, sir.

Q. Has it succeeded in earning enough to pay its fixed charges and interest upon its bonded debt? A. I think it has, or nearly so; Mr. Moffitt can tell you.

Mr. Moffitt.—We are coming to a point where we think that we can.

Q. What is the stock of that worth, this \$2,500,000? A. I do not know; I do not know that any of it has ever been sold.

Q. Now, do you see any reasonable prospect of that road, loaded as it is, ever paying fixed charges and a fair dividend upon its stock? A. As I said before, I am not railroad man enough to give an intelligent opinion, but people who are associated with me say the road is a good road and that it will pay.

Q. Now, what would you call a fair return for the investment in a street railroad enterprise? A. I do not know what they have been getting in street railroad enterprises.

Q. That does not matter. A. Then, I say a fair return on any amount invested; the same as an income.

Q. You could not say that; the railroad business is somewhat more hazardous than others. A. As a rule I do not think so; I think the history of the electric and horse and steam railroads show — how many went into the hands of receivers; I think over one-half.

Q. I say they are more hazardous. A. Yes.

Q. Consequently you would not put your money into a railroad unless you hoped to have a greater return; you would put it into some more conservative enterprise? A. When you see the proportionate number of business-houses and almost any other industry that go into bankruptcy in the last fifteen or twenty years it is a question; I heard it once stated that of the business-houses in New York city that 60 or 70 per cent. of them failed within fifteen or twenty years; I do not think it is any worse than street railroads.

Q. What would you call a fair return for an investment in a street railroad? A. I said I was not competent to tell.

Q. Would you say 10 per cent. was a fair thing? A. Yes; I would say that was a fair thing for any one; on the other hand, human experience is such that it teaches us that if any man can get 12 per cent. he considers it fair.

Q. I know; but you are dealing with sort of a quasi-public corporation? A. Yes, sir.

Q. Did you ever figure out what per cent. on the actual investment would be required in order to pay 5 per cent. interest on your indebtedness and 6 per cent. interest on your bonds? A. No; I have not; I have allowed those things to pass through my mind; I do not recollect that I ever did anything like that.

Q. You told me of some man in the city that ought to know all about this matter. A. He is in New York now; W. R. Kimball.

Q. Does he reside there now? A. No; he resides here; he is in New York quite a good deal; he has had experience in other lines.

By Mr. Nixon:

Q. Is that his business? A. Yes; it has been five or six years.

Q. What is your idea of municipal ownership of these roads? A. Do you know; I have not thought enough of it to give an opinion.

Q. Is there much clamor for it in Syracuse? A. None at all that I know of; I do not hear the subject discussed at all.

Q. Do you hear any complaints of the management of the roads, for the failure to supply the people with accommodations? A. Well, I can not say that I do; there was some talk at one time.

Q. Talk about the overcrowding of cars sometimes? A. They found some fault with the conditions of the cars and roadbed at one time.

By Mr. Wade:

Q. Now, to go back, what would you think of the idea of the statute providing that the Railroad Commissioners' assent should be requisite to the issue of railroad bonds by any railroad in the State? A. I have not given that much consideration, but I should say, offhand, that they should not be given the arbitrary right to say yes or no.

Q. You know they are pretty liberal in all these matters? A. I know they are.

Q. And they are pretty sensible about it, too? A. Yes, sir; it simply occurs to me now that where a number of men desire to engage in the railroad business they also desire to manage their

property in such way as they think is best for the road and the city in which they operate, and that they are so much better acquainted with the real situation that their judgment as to the amount of money needed and the amount of bonds to be issued on account of the money should be better than the Railroad Board.

Q. I agree with you in one-half of that statement, that they would have better ideas of the amount of money necessary. A. But your idea is that if they make it large enough; but you take the condition of affairs you find in Syracuse; here is a condition you can not obliterate; whatever has been done is in such condition that it must be recognized to a certain extent, because these various franchises are contracts with the city that can not be wiped out, and the man that comes here, although he knows that there is that present bonded indebtedness, he must put something additional in it to put the property in good shape, and if he is prevented by the Railroad Commissioners, he simply refuses to do it; if he does he puts it in for the benefit of men who have put theirs in, and he refuses to go in; it occurs to me that if the Board of Railroad Commissioners should have unlimited power in that regard it deserves more consideration than I have given it.

Q. Supposing there was no road constructed in Syracuse, and you had the franchise your company has, would you issue the issue of bonds and stock aggregating three or four times its cost?

A. No; I would not.

Q. You take your 28 miles of track here, and eliminating the question of pavement, and \$10,000 a mile would be an overlarge figure for constructing it? A. I do not know about that; I do not know enough about that; sometimes I hear people say it costs \$30,000 and sometimes \$20,000 a mile to construct, and sometimes \$10,000 a mile; the amount of expenditures on account of repairs differs largely in different cities.

Q. That does not properly belong to the construction account.

A. No; but it means money that has gone into the property that someone must put in.

Q. Have you ever had any experience in an effort to sell railroad bonds? A. No, sir.

Q. When your company put out their bonds did they get out a prospectus? A. No, sir; they put the money into it themselves.

Q. And took their own bonds? A. Yes, sir; and so far as I know they have got them.

Q. There is one redeeming feature about that; if anything is lost they lose it? A. Yes.

Q. Mr. Gannon, don't you think it would be better for your city if there had been some provision of law requiring your bonds and stock to represent a cash investment for the amount which they represent? A. I do not know about that.

Q. And don't you think, as a business proposition, it would have been better for the people investing the money? A. Your last proposition, I do not know how well those people came out who have invested here.

Q. We will look at them at the present moment; don't you think so; that they would have a cleaner, more valuable investment here to-day; suppose a company stood right here to-day with no bonded indebtedness whatever? A. Yes.

Q. The stock that is out represents more than their item of property that they have? A. Yes, sir.

Q. Wouldn't that company be in a better condition to operate its road in the city for its own benefit and for the public benefit, in a better condition than it is to-day, and at the same time have a better investment and a more valuable investment than it has to-day? A. You mean the security holders would be better off?

Q. I mean the company. A. Well, the company might; I do not know as I could say that it would be any better off than it is, because that depends on what it has got, and what its ability is to pay its security holders, and if its security holders are satisfied it is a question; I will admit this, as a general proposition, that if the company was stocked to such an extent to represent only a cash which was put in and there were no bonds, and sufficient cash was put in to meet all requirements so far, that the company would be better off, and the city would be better off from the fact that the company could give better service, and the security

holders would be better off because there would be no bond issue, and the earnings would go to them.

Q. Don't you think it would be better if the law would admit the receiving of a 12 per cent. dividend upon the capital stock that was paid for at par in cash, and limit it to that amount, than it would be to allow them to pay for the plant in bonds and pay 5 per cent. on that and then limit the dividend on the stock to 12 per cent.; don't you think you would be better off, everybody? A. Yes; I think it would, but there would not be the same motive to keep up the property.

Q. There would be the motive to keep up the property; there would not be the motive to get it in the first place, because we go and get it to-day and hope to dispose of it at a greater price and make money that way; that is the inducement to water it. A. Yes, but that pertains to all business; your idea is it should be controlled by law.

Q. No; I want to get your idea? A. I say, I have not given it consideration, and in this off-hand manner a man does not like to give an opinion; personally, I think the railroad law protects the security holder and protects the city and the company pretty well.

Q. You will agree to this, that the law ought to require these institutions to go on as safe and conservative business basis as is practicable? A. Yes; because of the two features; because they are semi-public bodies, and secondly because—

Q. If you differ here from other localities, it is simply in degree; you are not half as bad as Brooklyn. A. It is simply in degree; the streets have been torn up here three or four years on account of water mains and so forth, and that means that the cars are stopped, and sometimes a block, and sometimes two or three blocks at a time.

Q. Do you know whether the patronage of the road is increasing? A. Yes, it is increasing very rapidly.

Recess until Thursday, October 17, 1895.

Proceedings of Thursday, October 17, 1895, at 10 a. m.

John H. Moffitt, called and sworn, testified:

By Mr. Wade:

Q. You reside in Syracuse? A. I do.

Q. Are you in some way connected with one or more of the street railways of the city? A. Yes, sir.

Q. What road? A. I had charge of the People's Railroad when I first came here four and a half years ago; after that road was sold to the new syndicate they hired me to take care of the old People's and the consolidated roads; I had charge of both roads at the time; the Consolidated went into the hands of a receiver, since which time I have had charge of the Syracuse Street Railway and also had charge of the Consolidated under the receivers, looked after the management of the road.

Q. Is the Syracuse Railroad Company and the Syracuse Consolidated Company one, or are they competitors? A. Only in one place, I should say, where their lines are parallel only for a short distance.

Q. Are they owned by substantially the same people? A. They are owned by substantially the same people, and since the Consolidated was sold the bondholders, I understand, they have made arrangements to purchase the Consolidated roads, but the terms I am unable to state.

Q. So far as individuals are concerned, you are in the employ of practically the same for each company? A. Yes, sir.

Q. How far do these roads parallel each other? A. They really parallel, practically speaking, for about one-third of a mile only, but they run into the same territory, but not on the same street; they run on the same street for about one-quarter of a mile.

Q. But they draw business from the same territory? A. Yes, sir.

Q. How extensive a territory? A. It is that portion of the city known as the ninth and tenth wards, situated in the southwest part of the city known as the village of Solvay.

Q. How soon after they commenced running electric cars did you take charge of the Consolidated road? A. I should say the Consolidated had been running electric cars for about two years; I took charge of the Consolidated after the gentlemen who purchased the People's road had purchased the Consolidated.

Q. You are the general superintendent of the Syracuse Railway Company? A. Yes, sir.

Q. Hire the men? A. Yes, sir.

Q. And the power of discharging is vested in you? A. Yes, sir.

Q. Do you fix the rate of wages? A. Yes, sir.

Q. Do you prescribe the rules for the operation of the cars? A. Yes, sir.

Q. And make the time table? A. Yes, sir.

Q. And devote all your time actively to the operation of the road? A. Yes, sir; I have no other business.

Q. How many cars have you running on the Syracuse Street Railway? A. Forty-seven.

Q. Forty-seven electric motor cars? A. Yes, sir.

Q. And the Consolidated? A. Mr. Mack gave you that yesterday; I think he said twenty-nine running, and thirty-one cars.

Q. How is your Syracuse Street Railway Company doing? A. Possibly I had better give you a little date on that.

Q. All right. A. We think the Syracuse Street Railway is doing a fairly successful business; when I took charge of the old People's line in 1891 their receipts were \$110,386.76 per year; during the year just closed, or rather during the year ending June 30, 1895, the receipts were \$186,139.79; the fact is, to be frank with you, the people of Syracuse, up to within a few years have been educated to walk and not to ride; a business man who was in a hurry, he simply walked; 10 or 15 or 30 minutes were the schedules of some of them; he did not wait.

Q. What were your operating expenses for the year just ending? A. For the year just ending?

Q. Yes; ending June 30th. A. I would have to refer back to our minutes of last report.

Q. I do not ask exactly. A. I do not remember just the operating expenses of the year; they were less than previous years.

Q. Were they greater or less than your receipts? A. They were less than our receipts of the Syracuse Street Railway.

Q. Could you pay fixed charges and operating expenses last year? A. We did not quite do that last year; we hope to this year; the fact is, we had the new Solvay line and some other extensions were not operated the 1st of March, 1895; that road now is running over \$5,000 a month; a new 90-pound girder rail; the operating expenses on that is merely nominal, and should not be much for the next 10 years.

Q. You have no grade to speak of here? A. We have some grade; over the new Solvay line is the most severe grade we have, running about 7 per cent. the highest.

Q. For any great length? A. No, sir; it is short; we have very easy grade through the city.

Q. Your road should be operated very cheaply so far as power is concerned, to run the cars? A. Yes, sir.

Q. Have the two roads been so situated that the Syracuse Street Railway Company could have furnished power to the other? A. No, sir; not up to within a very short time.

Q. How many miles of track has the Syracuse Street Railway? A. About 28 miles that is completed, and they have five or six miles of new track being built, and franchises covering several sections of the country where there is no road, that will be built next year, probably.

Q. How are the funds being raised with which to do it? A. That is a matter I have nothing to do with.

Q. You understand it is by the sale of securities or bonds? A. That I do not know; the money comes in.

Q. You have the charge of the constructing? A. No, sir; we have construction only in a general way; the construction is done under the supervision of Mr. C. Loomis Allen, the engineer.

Q. Is he connected with the company? A. Yes, sir.

Q. Twenty-eight miles of road here ought to cost how much money? A. The way we are putting in our construction, about

\$12,500 a mile to construct track, without reference to paving of any kind.

Q. That means with poles? A. No, sir; it does not mean poles or wires or overhead construction; it simply means track.

Q. Just your track and bed? A. Yes, sir.

Q. What do you pay for your 90-pound rail? A. You can not buy 90-pound Martin rail for less than \$1.10 at the track, and we find it difficult to get prompt delivery at that price.

Q. Now what do your ties cost you? A. According to quality; all the way from—

Q. Such as you are using? A. I was going to say, they cost all the way from 50 to 65 cents; they are white oak ties we are using.

Q. How many do you use in a mile? A. Our ties are $2\frac{1}{2}$ feet between centres.

Q. How much do you figure the cost of ties per mile? A. I will give you that; (witness refers to memorandum); now, that I will give you a little later, with your permission.

Q. All right. A. There is a little statement I have made up showing the cost of track to be \$12,500 per mile actual cost.

Q. Read that? A. The cost of track as we are now constructing would cost us \$12,500 per mile in the following manner; our excavation below special grade is \$2,200 below the finishing grade of tracks; on the bottom of trench, after it has been thoroughly rolled with steam roller, we place 7 inches of broken stone made thoroughly compact by steam roller weighing 10 tons; on this foundation there are placed white oak ties; our specifications call for ties placed $2\frac{1}{2}$ feet between centers in track, and 15 inches apart at the joints; this latterly we have changed, using 3-tie joint and ties placed 2 feet 3 inches between center; number of ties average in track about 2 feet centers, or 15 ties to a rail length of 30 feet; this is caused by the use of extra ties and special work and switches; the tamping of the ties is with broken stone ballast; we fill in the space from bottom of the tie to the top of the tie with broken stone, the same being thoroughly rammed by rammers, which are commonly called tamping bars; spiking on every tie is 8 spikes; this is in case where the combina-

tion rail brace and tie plate are used; at the other ties we use 5½ by 9-16 hook head spike; the rail we are using is in the Johnson 9-inch tram head section; also their 9-inch half grooved section; in such portions of the street where cobble stone pavement is laid on the railroad strip the broken stone is filled to a point 5 inches above the top of the tie, and on this is placed the cinder foundation for the cobble stone; in streets where brick or asphalt pavements are laid, 6 inches of concrete are placed on the top of the tie; on the top of this, in the case of asphalt, are laid 2½ inches of asphaltum; the same is true in the concrete foundation of the brick pavement, excepting the concrete extends 1 inch below the top of the tie; the 1½ inch cushion of sand is placed on top of the concrete, and on this are laid the bricks.

Q. Is your foundation beneath the track the same; do you make the same excavation where you put in brick pavement? A. Yes, sir; the same exactly.

Q. And asphalt? A. Yes, sir; the fact is, the whole stability of the paving depends on the foundation; the tracks paved with cobble stone cost, per single mile of single track, about \$14,600; that would be 40 cents a square yard for cobble stone; with asphalt, \$25,200.

Q. That is the track complete? A. Yes, sir; that would be \$2.40 per square yard for asphalt; with brick, \$23,600; that would be \$2.10 per square yard for brick; sandstone would cost \$28,300, being \$3 per square yard for sandstone; now, my statement in regard to the cost of track being \$12,500 a mile does not include overhead construction or conduits for feeders.

Q. Now, you figure brick pavement at \$2.40 a yard? A. Brick at \$2.10.

Q. Two dollars and ten cents? A. Yes, sir; asphalt, \$2.40.

Q. Now, in several places in the State the contract price of brick pavement is \$1.50 and \$1.60? A. I have given you the figures from actual cost we have paid; actual contracts.

Q. I think it was \$1.50 in the city if Dunkirk last year? Q. You have made better contracts.

Q. I think in Jamestown it was less this year? A. This is the figure we paid.

Q. Do the board of directors make those contracts? A. No, sir; they are made by the city engineer and commissioner of public works; the board of aldermen simply pass on whether or not a street shall be paved.

Q. What do you figure the cost per cubic yard of broken stone? A. One dollar and twenty-five cents.

Q. In Jamestown they have been using gravel, sifted, for which they pay, I think, 90 or 95 cents? A. Conditions obtain there that do not obtain here.

Q. You figure then that your roadbed, upon paved streets, costs you from \$20,000 to \$25,000 a mile? A. There is nothing as low as \$20,000; from \$25,000 to \$28,000; I gave one as cobble stone, but they do not allow that.

Q. It averages \$25,000 a mile? A. Yes, sir.

Q. That is about the best kind of a road you can build? A. Yes, sir.

Q. Is your road all constructed in that manner? A. No, sir; that road along Salina street, if you gentlemen will accept my invitation, I will show it; you will find North and South Salina street constructed in that manner.

Q. What do your poles and wiring cost you? A. Overhead construction?

Q. Yes. A. That depends on how well you build your line.

Q. This? A. We figure ours cost us from \$5,000 to \$6,000 a mile; our franchise says within half a mile of the center of the city we must put in iron poles; these poles cost us from \$17 to \$20 each.

Q. Where do you buy them? A. We buy them of the Syracuse Tube Works here in the city; they are made from boiler plate, the best iron made, and they are put down at 7, 6 and 5 feet in lengths, and put together in four pieces; rolled right out of the boiler plate, out of the very best of iron, and lapped over and put together out of the tube plating.

Q. A round tube? A. Yes, sir; we never had one give way.

Q. Have you ever seen any poles in use made by angles laced?
A. Yes, sir.

Q. What do you think of those? A. I do not know much about those; when we were erecting the line we got prices from different cities, and we gave the people preference at home, other things being equal; we found prices as low here as elsewhere.

Q. Those poles I speak of are made like the columns of a bridge?
A. Yes, sir.

Q. And very substantial? A. No spring to them.

Q. There can not be much; they do not cost only half of what you are talking about? A. These prices are correct.

Q. You have got \$15,000 a mile for your track completed, or \$30,000 a mile; \$30,000 and \$25,000? A. Yes, sir.

Q. That is about a gilt-edged road? A. Yes, sir.

Q. Including about the best class of pavement laid in the best manner? A. Yes, sir.

Q. All new? A. Yes, sir.

Q. That price involves the purchase of all materials for paving?
A. Yes, sir.

Q. And it involves the purchase of the highest-priced rail on the market? A. Yes, sir.

Q. How much of a power plant have you? A. We have a power plant that costs us about \$100,000.

Q. That is, everything completed? A. Yes, sir; I would be pleased to have you go up there; we have three generators there; three kilo-wat generators equal to 400-horse power each, of 3,000 wats; you understand 746 wats is equal to 1-horse power; our horse power plant there is about 1,200-horse power; 5 boilers, 250-horse power each.

Q. Twelve hundred-horse power is your entire plant? A. Yes, sir; we have built it so we can put on additions in case we obtain other franchises; we built it so we can enlarge it; more generators and boilers.

Q. How many cars have you? A. Forty-seven cars, all told.

Q. What do they cost? A. We purchased 35 new cars that were manufactured by J. G. Brill & Co., of Philadelphia; they

are known and designated as the Cleveland pattern, with opening on one side only; door at either end and door in the center, making it very much easier for passengers to get on or off the cars; they can get out either the center, rear or front door; the platforms are commodious and you can stand a dozen people there, and that is very popular among smokers; the people getting in and out do not disturb the people on the platform.

Q. The ends are not closed? A. No, sir; no cab; these cars cost, complete, about \$2,500 each; they are the very best that money could buy; I do not mean to be understood they are furnished in the finest manner.

Q. What do the car bodies themselves cost? A. I could not answer that question separately.

Q. How many of those did you buy? A. Thirty-five; that runs up between \$80,000 and \$90,000.

Q. Eighty-seven thousand dollars? A. Yes, sir.

Q. Does that comprise your entire rolling stock? A. No, sir; we have, all told, 106 cars; that finishes our motor cars; we have a large number of open cars that in summer we use as trailers; those are the old horse cars made by Jones & Co., of Troy.

Q. Now, the entire cost of your plant, cars and all, built in the manner you have described, or you could go right out here to-day and reproduce it, everything you have got, for not less than \$1,200,000; I do not mean to purchase it, but to complete and construct the road in the manner you are now constructing, which you think is as good construction as is known? A. Yes, but we have just commenced to reconstruct; we have got to reconstruct all the roads in the city.

Q. So what you have got did not cost anywhere near that money? A. Figures will demonstrate that it cost more than that.

Q. I know, but I mean the actual construction of the road; take that you have got to reconstruct, it is no such road as you have been describing? A. No, sir.

Q. It cost no such money? A. If we were to start here under entirely new conditions your idea might hold good.

Q. It is your idea? A. Since my short experience in the city Salina street has been rebuilt three times; first, from the old-fashioned "T" rail, 30 pounds to the yard, and put in 66-pound Johnson girder rail; since that time they have repaved the street, and 9-inch rail came in, and put that in.

Q. That is, the 9-inch rail is made so you can pave to it? A. Yes; and it is a stronger rail.

Q. I was getting at this, that if you were to construct this road to-day over the same streets where it is constructed, of the best material, in the best manner, with steel trolley poles its entire length, paved with first-class pavement that costs upwards of \$2 a yard, build your power plant, equip your road, it would all be done on your figures, inside of \$1,200,000? A. We have some valuable real estate.

Q. I know it, but I am getting the road. A. You are starting in under entirely new conditions?

Q. Yes; I am not bringing after it any of its history. A. Yes.

Q. Now, what real estate have you? A. We have a block on South Salina street, known as the Oakwood barn, the property facing three streets; the lowest value I have heard put on it is \$25,000; we own a large tract of land known as the Wolf street property, taking in an entire block; I do not know what value there is put on it; it was bough years ago at a low price; the city has grown it has increased; we also own the South Salina property, on which we expended, under my supervision, \$15,000; that property ought to grow to be very valuable; we also own property known as the South avenue property, situated on South avenue near Bellevue avenue in the city, which is also a valuable piece of property; the Iron Pier property you talked with Mr. Gannon about yesterday, I believe.

Q. Yes; now, you seem to be dealing with the practical side of the question. A. Yes, sir.

Q. And your ideas in regard to the construction of a road, to sum it up in a few words, is to construct in the best manner possible? A. Yes, sir.

Q. And substantial manner? A. Yes, sir.

Q. Now, supposing the financial affairs of the company were started and continued upon as good a basis as that, do you think it would be beneficial to the road, or do you think the fact that it is stocked and bonded way out of sight has no bad effect? A. We do not agree with you that it is stocked way out of sight.

Q. But your stock no one has paid anything for? A. That is the prospective value of the road.

Q. That is just the point; supposing you and I were going to build this road, and you wanted to make the corporation as substantial as you are talking about building the road? A. Yes, sir.

Q. Wouldn't you think it better that we should pay 100 cents on a dollar for our stock and build the road in that manner? A. Usually the bonds represent the actual cost of the road; the stocks are the prospective value.

Q. They usually represent the value of the road and some other things? A. Yes, sir.

Q. That is just the feature that I want to get your opinion upon; the bonds represent the value of the road, and the stock represents the water-works of the town? A. It represents the energy and the brain and the brawn you can get into it; you must make some inducement for capital to invest.

Q. In other words, why don't you then take your books, and when you charge so much up to the actual cost of construction to construction, and so much to equipment which is the actual cost of equipment, and you find you have not quite used up the money that the bonds brought, why not then charge up the balance and stock to wear and tear and gray matter? A. I do not think that would be a legitimate charge.

Q. It goes into the book in some form? A. Yes, sir.

Q. It does not represent construction, it does not represent franchise, it does not represent equipment. A. We do not put the stock on the books as representing anything, really.

Q. In your reports? A. We say so much stock.

Q. You have to say what it is for? A. Yes, sir.

Q. So you put it in construction account? A. Stock on the books has no fixed value; it is owing to the earning capacity of

the road; when it earns fixed charges and something additional it becomes marketable.

Q. Theoretically? A. No, sir; practically so.

Q. Here was this Long Island Traction Company, with stock of \$3,000,000; \$27,000,000 was water; they did not have a single cent on a dollar except that \$3,000,000 paid in, and the stock went to 60? A. Supposing a body of men get together, and you want the best brains of the country; you must make some inducement to get them to go into it; say you are president; you get no salary, and you devote your sole energy and time, don't you think you ought to have some compensation?

Q. I will take your own road; who is furnishing the brains to run it to-day? A. The directors are furnishing a large amount of it.

Q. Is not Mr. Moffitt doing that branch of the business? A. Let the public judge.

Q. Are you a stockholder in the company? A. No, sir; not a dollar.

Q. So the people with the watered stock are not furnishing the brains; you do it for a salary? A. I only furnish a small part of it.

Q. You take the Consolidated Company here, it stands charged upon its books \$100,000 a mile, and your road I think a little bit worse than that, if I remember the figures right. A. When you ride over the two roads there is no comparison.

Q. Very likely; but your road did not cost \$100,000 a mile; it could not. A. You lose sight of the very important fact that these people had to get franchises; it costs to get rights of way and franchises; they have taken up the railroad three or four times; the track stopped operating; all those conditions which you lose sight of.

Q. Granted; and yet when they bought up these roads and consolidated them they made an issue of bonds to cover the whole thing? A. Yes, sir.

Q. And continue the issue for your betterments and improvements, and the stock that is issued represents nothing; they have paid all this other business out of these bonds? A. I can not

agree with you; the stock must have some value, providing you can get the earning capacity of the road so it will pay its fixed charges and something more.

By Mr. Nixon:

Q. What Mr. Wade refers to, originally, when your stock was issued it represented nothing; it had no value unless the road became paying? A. Yes, sir.

By Mr. Wade:

Q. These gentlemen bought up this other stock and made the Consolidated Company? A. Yes, sir.

Q. They made the bonds of the Consolidated to pay every dollar of expenditure they had been to in buying the stock, and made the issue large enough so you could go on with the betterments; so, as you said a moment ago, the bonds represent every single thing there is in it, and the stock represents the franchises and the prospective value; it is undoubtedly true that this business is in the nature of a hazardous business; do you not regard it so? A. All business has more or less hazards attached to it.

Q. Take this business; they commenced to electrify the roads in this country in 1890, and you take the road that was electrified in 1890 and very much of that material, that machinery purchased then, at fabulous prices, you would regard as practically worthless to-day in the operation of your road? A. Yes, sir.

Q. It has been hazardous in that respect? A. Yes, sir; that is the history of the Consolidated.

Q. In 1890 motors cost \$5,000 that you can buy to-day for \$700? A. Yes, sir.

Q. Those to-day are much superior? A. Yes, sir; that is true.

Q. While it is true there must be some inducement to capital to invest in enterprises of that character, do you not think it would be well if there was some safety valve put on it somewhere? A. There is a safety valve; we have to refer to the Railroad Commissioners.

Q. What on? A. On bonds and indebtedness.

Q. No; not the bonds. A. Say the Trust Company, for example.

Q. What has the Trust Company to say on it? A. They pass on the bonds after they are marketed.

Q. After you market your first issue? A. Yes, sir.

Q. They simply pass on your mortgage? A. Yes, sir.

Q. And the form of your bond; they do not pass on the value of your plant? A. The investors that go into Wall street do not ask for any special guaranty when they buy stocks on the market of the country.

Q. Some get out wishing they had? A. Our books are open and are in the comptroller's office; you can see the report.

Q. They could not do that when you first started here; you then had a horse car line? A. Yes; still we made reports just the same.

Q. Certainly; while you can incorporate your company to-day and stock just as high as you have a mind to under the law, the Railroad Commissioners have nothing to say with it? A. That is true; but the people at large become sceptical and will not invest.

Q. The public have not anything to do with it? A. They do if they invest.

Q. Supposing 13 of us incorporated a railroad company here to-day with \$40,000,000 of capital; all we have to do is to make and file a certificate and pay the incorporation tax? A. Yes, sir; but who could we get to take our bonds and stock?

Q. We do not want anyone to take our stock; it is the bonds. A. Who would take the bonds under that condition of affairs?

Q. That is just the feature I am getting at; they know that that \$4,000,000 is water, and the bonds represent the cost, and it is just exactly that feature that has made everybody about as afraid of a street railroad bond to-day as they are of a rattlesnake. A. People are looking after them with a good deal of interest.

Q. Those that have them are that can get them at a market price.

Q. To drop that subject and get to the operation of your road; you employ about how many men? A. On the Syracuse street about 162 men.

Q. What percentage of your gross receipts is consumed in operating expenses? A. What percentage of our gross receipts?

Q. Yes. A. I think we operated last month for 58 and a fraction.

Q. Fifty-eight and something? A. Yes, sir.

Q. What will it average during the year? A. I can not state; we have put on several additional lines and improved our track during the past year, and judging from indications we will get handsome returns, but we will have to run a year before I could give the figures.

Q. I suppose, take last month, is a month where your operating expenses would be about as light as any month in the year? A. Yes, sir; reasonably so.

Q. Do you experience much difficulty with snow and ice? A. We did last winter; ordinarily we do not; not as much in Syracuse as in some other cities; the past two years we have had more than our share.

Q. How many grade crossings are there in the city? A. Nine.

Q. Nine? A. Yes, sir.

Q. What system do you adopt in taking your cars over those crossings? A. We oblige every car to stop at least 25 feet from the crossing, and the conductor run ahead and when he looks in either direction seeing the track is clear he motions the motorman to come across.

Q. Is that true where there are gates? A. Yes, sir.

Q. Have you ever had any accidents at grade crossings? A. A slight accident; we had an accident where a motorman was unable to stop his car by reason of some trouble, and he slipped into a Delaware and Western train, breaking a window; no damage done; he was approaching at a very low rate of speed, so slow that the conductor in getting off supposed he was going to stop, and found he was unable to do so, and slipped and struck the car; that is the only accident in my recollection at a grade crossing; I think on the Consolidated road they had one such accident, where the man in charge of the car was struck, but no serious damage.

Q. Do you use any jump crossing or gate? A. We use the Martin crossing and the Johnson crossing here, but in each case the old style of crossing; we are going to put in the Johnson improved gate crossing; it took time to get consents of the New York Central people and Delaware, Lackawanna and Western people, and we had to negotiate with them.

Q. Have you any other crossing than grade crossing? A. No, sir.

Q. Would it be practicable to elevate your tracks over these railroads? A. Well, no, sir; you can see the condition that obtains right in front of the Yates Hotel, and that would be similar throughout the city.

Q. In giving the nine crossings, I suppose that means the actual crossings and not the number of tracks that you cross? A. Yes, sir.

Q. In two or more places? A. Yes, sir; not more than two in a place.

Q. Not more than two? A. No, sir.

Q. What is the population of the city? A. According to the last census taken by the directory, 118,500; that is within the city limits proper; we have a contributory population coming from Elmwood and East Syracuse that brings it up to 126,000; the Syracuse Street Railway runs to Elmwood and Onondaga Valley; the Eastwood Heights road runs to East Syracuse.

Q. What wages do you pay your motormen and conductors? A. One dollar and forty-eight cents a day.

Q. And pay them by the day? A. Yes, sir.

Q. How many hours? A. They average to work about 11½ hours; we have what we call three runs, a short run, long run and a swing run; during those hours they are off from four to 4½ hours in the middle of the day; we arrange our time table so each man gets his meals.

Q. Each man gets in about that many hours? A. Yes, sir.

Q. You spoke of 160 men being employed? A. Yes, sir; those would be motormen, conductors, foremen, starters, barnmen and repair men.

Q. Track men also? A. No, sir; it might be track repair.

Q. How many motor cars have you? A. Forty-seven, all told.

Q. How many do you run regularly? A. We are running 37.

Q. That takes 74 men to run those cars? A. Oh, no, sir.

Q. That is, all the time? A. You want to figure, in running cars here, always figure a crew and a half to a car.

Q. That is because the car runs more than any one man? A. Yes, sir; we figure three men to a car; the balance is made up by ballast on the track and repair men.

Q. Have you had strikes on your road? A. Not since I have had charge of it.

Q. Are the men satisfied with their compensation? A. They seem to be; we have had under consideration for some time a scheme by which we secure our employes, giving to old and faithful employes whose record has been good, a higher compensation and making it an object for a man in a lower grade to advance to the higher grade; we think that would conduce to a better service and beneficial to the men, and get into our employ a better class of employes; for example, to-day we are obtaining our employes from the unemployed of the city, and if we made a little higher grade we would get them from the employed and get a better class of men; our object is to give better service.

Q. Do you know how they compare with the wages on roads of other sections? A. Yes, sir.

Q. How? A. In a great many cities we are paying the same; in Rochester, Buffalo, New York, Brooklyn, Albany, they pay higher.

Q. The prices that prevail more extensive than any other is 15 cents an hour? A. Yes, sir.

Q. Except in the larger cities; I don't know what it may be in New York. A. Yes, sir.

Q. Even in Jamestown they pay 15 cents an hour. A. Yes; they pay \$2 a day in New York.

Q. That would amount for your hours of work to \$1.72? A. Yes, sir.

Q. You never have adopted any system of increasing the wages of a skilled man or paying a higher rate to a skilled man? A. We have skilled repairers in our repair shop.

Q. No, I mean persons accustomed to cars? A. That is the question we have under consideration.

Q. In Rochester they have three grades? A. We think we will have here.

Q. In other places they pay so much an hour until a man has been with the company some time, and then pay 15 cents, if that is the maximum? A. I favor that manner of paying.

Q. A man ought to know enough to run a car after six months experience with it. A. The longer he is in service the better he is enabled to manage a car with fair ability; it is not only necessary to operate the car, but he must learn something about its mechanical parts, in case of a short circuit, so as not to hinder the car on the road; it not only delays traffic but annoys passengers.

Q. Take it on the Consolidated, most of them are standing still. A. That has been the trouble with the Consolidated; it is in very bad shape, without money in the treasury

Q. Some one said yesterday they thought the other company had purchased it? A. Yes, sir; Mr. Kimnall is in New York now making arrangements to purchase.

Q. That will put both companies under one system? A. Yes, sir.

Q. Don't you think that better for the road and the public? A. Yes, sir.

Q. Have you much manufacturing in this city? A. Yes, sir.

Q. Do you have a considerable amount of traffic morning and evening by the people going to and from their labor? A. A fair amount of traffic morning and evening; I understand the wholesale trade with manufacturing has amounted to about \$7,000,000—

Q. You do not understand; does your railway company have a patronage by working people going to and from their work? A. Yes, sir.

Q. Is that quite extensive? A. Quite a little; not a large amount; a good many of the employes in the railroad shops living in the centre of the city; those people employed in Solway and out from the centre of the city, they ride; we have in the Syracuse street railroad been trying to take those people by giving a transfer from one line to the other; we are using in the Syracuse Street Railway 3,500 transfers going from one line to another.

Q. From one line of your road to another? A. Yes, if a man from Solway wants to be transferred to the Salina Street division we transfer him, giving him a ride of $7\frac{1}{2}$ miles for five cents; we have one line 6 miles long; I think our people are satisfied with the system of transfers.

Q. Have you ever figured it out to know what it costs to carry a passenger a mile? A. Yes, sir; the actual cost is $3\frac{1}{2}$ cents, as we figure; per mile, did you say?

Q. Yes. A. No, I don't know as I ever have.

Q. Of course, if all of your passengers rode 7 miles your road would be bankrupt? A. Yes, sir, in a little while.

Q. You believe that these roads being put together can be made successful, do you not? A. Yes, sir, I do; I do not think there is any doubt about it.

Q. It will require rebuilding the Consolidated line, a good deal of it? A. Yes, sir, the whole of it.

Q. How can you hold up that track out there that is laid on stringers with electric-cars? A. That is one of the troubles with the Consolidated; their operating expenses are so great they cannot make money; the rail construction is too light; it is the same construction as horse car rails, four to five feet apart; a long rail known as the Albany rail, a flat rail; it is really too light for electric service.

Q. Have you had any experience in the use of a 9-inch T-rail? A. No, sir.

Q. Ninety pound rail? A. No, sir; but I think the T-rail is the best rail in the market, providing we are allowed to use it; we never have been allowed to use it here.

Q. Your pavement laid in the manner in which you have described it here, around what kind of a rail do you think you can make the best pavement? A. We have been led to believe that the 9-inch girder, being a strong stiff rail, with no spring to it, that that would make the better rail; that is the best we have been able to get.

Q. I am assuming that you were permitted to use any you wanted, and you were building a pavement that seems to be a first class pavement, which kind of rail can you use and make the best surface on the street? A. I think a T-rail, providing you have a brick pavement, or pavement to get up under it.

Q. It is not possible to make as solid a track with any other rail of the same size and weight? A. I think not; there is a T-rail put in by the New York Central two years ago and paved with sandstone blocks; you cross it coming east from the Yates Hotel.

Q. I think that is all. A. Mr. Wade, here are the figures that it has actually cost us per mile of double track.

Excavation, 7.40 cubic yards, 30 cents.....	\$2,112 00
Ballast, 3,394 cubic yards, \$1.30.....	4,412 20
Ties, 5,280, 50 cents.....	2,640 00
Track laying, 10,560 lineal feet, 25 cents.....	2,640 00
Rails, 10,560 lineal feet, \$1.10.....	11,610 00
Bonding, 704 bonds, \$1.80.....	1,267 20
Drainage per mile, say \$1.80.....	250 00
Rail braces, 2,816 to a mile.....	844 80
Total.	<u>\$25,776 20</u>

Cost per mile of track, \$12,888.10.

William Nottingham, called and sworn, testified:

By Mr. Wade:

Q. Do you reside in the city of Syracuse? A. I do.

Q. What business are you in? A. I am an attorney.

Q. Are you the attorney for one or more of the electric roads in the city? A. I have been the attorney for the Syracuse and East Side.

Q. When was that company incorporated? A. About August, 1894.

Q. How many miles of street did its franchise cover? A. I think between 11 and 12 miles.

Q. Has it constructed a road? A. Yes, sir.

Q. How extensive? A. It has constructed a road over nearly all that mileage except one-eighth of a mile; that is, it stops at the corner of Burnett street and Lake street, instead of coming to Hanover Square, its desination.

Q. Has it constructed a double track road? A. Single track.

Q. So it has in the neighborhood of 11 miles of track? A. Yes, sir.

Q. Has it a power house? A. Yes, sir, at East Syracuse.

Q. Is this a straight line? A. It is a belt line; it goes from the centre of the city to within half a mile of the city line, as a single line, then one belt branches and goes up the hill at James street to East Syracuse, and another branch goes out to Burnett avenue and joins with the first line just before it enters the village of East Syracuse.

Q. Are you a stockholder of the company? A. Yes, sir.

Q. And one of its directors? A. Yes, sir.

Q. And have been since its incorporation? A. Yes, sir.

Q. How much was the company incorporated for? A. The capital stock?

Q. Yes, sir. A. Two hundred thousand dollars.

Q. Two hundred thousand dollars? A. Yes, sir.

Q. How much was paid in? A. It is all paid in.

Q. In cash? A. No, sir.

Q. What? A. Issued in payment of the property of the old Syracuse and Eastwood Heights Railroad Company; this same road was partially completed by another corporation called the Syracuse and Eastwood Heights, which went into bankruptcy before the road was completed, and went into the hands of a re-

ceiver, and sold by the receiver appointed, not by foreclosure, but by judgment creditor; an individual purchased it and we bought it of him.

Q. What did he purchase it for at foreclosure sale? A. He paid a nominal sum, taking it subject to \$150,000 of bonds.

Q. So its purchase price practically represents the bonds that were upon it at the time you got it? A. Why, yes, but not entirely so, because when that purchase was made it was made at that figure by him because there was no other bidders, and probably for the further reason that when this company took that road the purchaser had an agreement with some of the creditors of the prior corporation that they should pay all the bonded indebtedness.

Q. Pay the bonded indebtedness? A. Yes, outside of the bonded indebtedness.

Q. Was that agreement made in contemplation of that sale? A. No; there was no agreement about the sale; but the agreement was between the individual that bought and these parties.

Q. They refrained from bidding? A. They did not bid.

Q. How much did that indebtedness amount to? A. Some \$50,000 or \$60,000, is my recollection.

Q. How much of that road was there? A. That road was completed to the city line, leaving, I should say, about one-third to one-half the road yet to build, and the first construction that was already built was light construction and laid there a year or two without anything being done, and run down, and it had to be rebuilt or fixed up.

Q. Was any cash paid into the treasury for the issue of the \$200,000 stock? A. No cash except at the time of the incorporation.

Q. That was enough to pay the incorporation tax? A. No; enough to pay 10 per cent., \$10,000.

Q. And enough to pay the incorporation tax? A. That is not entirely so; there was some stock subscribed for by individuals living along that line, at the rate of 100 cents on a dollar; people who wanted the road there.

Q. It was practically in the nature of a donation? A. They took stock at par and paid for it in cash because they wanted the road; probably not for the value of the stock.

Q. What is the bonded indebtedness of that company now? A. Two hundred and fifty thousand dollars.

Q. Is that in addition to the debts they assumed? A. No; that is clear, the debt they assumed.

Q. So you have 11 miles of track, and power station; is it equipped? A. Yes, sir; it is a very good power station.

Q. How many cars have you? A. I do not know.

Q. Your road is in operation? A. Yes, sir; and has been since last April.

Q. And charged with \$200,000 capital stock? A. Two hundred and fifty thousand dollars capital stock and \$250,000 bonded indebtedness; it runs to East Syracuse, a village of 3,000 or 4,000 people.

Q. It has \$500,000 for 11 miles, a power station and equipment? A. Yes, sir.

Q. How is the road doing? A. It is doing well; besides running to the village of East Syracuse, which is a prosperous, growing village, having a water supply of its own it runs through a territory in the eastern part of the city where there is no other railroad facility whatever, and where there can not very well be; the road has a natural monopoly of the district owing to the nature of the ground.

Q. When did you commence operations? A. We commenced about last April; the lower line runs through this valley here that is a natural manufacturing district, which has no other street railroad.

Q. Have you recently sold out? A. The majority of the stock was recently sold, to the persons interested in the Syracuse Street Railway Company.

Q. At what price, do you know? A. It is confidential; still, I have no objections if the committee wants it.

Q. The trade is not consummated yet? A. Yes; the contract is made, but the payment has not been all made; partially made.

Q. Then trade is closed then? A. Yes, sir; the trade is closed.

Q. Do you know about what the railroad did cost in money? A. I do not know what the parties — how much cash they put into this road, the old company; they claim between —

Q. No; I mean the cost of your road? A. It has cost us, as far as I know — I am not personally familiar with the expenditures in cash, \$250,000.

Q. You had to retire that old bonded indebtedness? A. Yes, sir.

Q. By an issue of your own, I presume? A. Yes, sir; that bonded indebtedness; those bonds were pledged as collateral to those.

Q. They had not been disposed — A. No; I think some had, but not all.

Q. At what price did you sell your bonds? A. Ninety cents; of course, with that was a bonus of stock.

Q. How much? A. I think 25 per cent.

Q. How much? A. Twenty-five per cent.

Q. Who took the bonds? A. They were the trustees; the West End Trust and Safe Deposit Company of Philadelphia and The Trust Company of America of Philadelphia sold the bonds.

Q. They were not taken by the people interested in the road, then? A. No, sir; sold to investors; sold mostly to people who came here and looked the road over.

Q. The people who were the promoters of your company, interested in it, did they invest any substantial amount of money, or any money, beyond the 10 per cent. they paid in for the capital stock at the time? A. Not a very large amount; but they did some, they had to borrow money to commence the completion of this road, and become personally pledged to the extent of at least \$100,000 on their paper.

Q. That is, provided the money to get the thing started until you could get your bonds disposed of, and then the bonds took care of it? A. Yes, sir; you can not sell bonds on an uncompleted road; before a road is completed it is problematical what it will pay, and people are loathe to borrow money in operating a road

before they know whether it will pay; the promoters borrowed \$100,000 and guaranteed the payment, which was quite a risk to run to start the completion of the road.

Q. When the company was organized and they paid in the 10 per cent of the subscription to the capital stock, why, I suppose then a small amount of the \$250,000 was then subscribed for that stock? A. These parties who subscribed along the line I think had subscribed.

Q. Were they the incorporators? A. Some of them were.

Q. In incorporating a railroad company your certificate of incorporation does not show your entire capital stock subscribed for? A. No, sir.

Q. Only about 10 per cent. of it? A. I think so.

Q. Then you paid in 10 per cent. of that in cash? A. Yes, sir.

Q. So that the payment of 10 per cent. in cash at the incorporation represented about one per cent. of the capital stock? A. Yes, sir.

Q. Well, the promoters of this enterprise have all gone out of it now, have they? A. They hold the directors and stock as collateral to the final closing up of this contract.

Q. I mean, by this contract they do go out of the business? A. Yes, sir.

Q. Now, Mr. Nottingham, I do not like to pry into your business, but the sale of that stock becomes quite a pertinent thing in this matter for this reason, that that seems to represent just the value of the franchise to day? A. I have no objection to telling you except the mere objection of not wanting to disclose the personal business any further than necessary for the public good, but if you think it advisable I will say that the price was \$40 a share, \$30 in cash and \$10 in bonds of the Syracuse Street Railway Company at par.

Q. And \$10 in what else? A. Thirty dollars in cash.

Q. I understood you \$20? A. Thirty dollars in cash and \$10 in bonds.

By Mr. Nixon:

Q. They take the profits in cash? A. I do not know as to the profit, if there is any.

Q. Seventy-five thousand dollars for your franchise?

Mr. Wade.— Eighty thousand dollars.

A. One hundred thousand dollars; it would be \$100,000; \$40 a share.

Mr. Nixon.— I understood him to say they paid 10 per cent.

By Mr. Wade:

Q. They paid in 10 per cent. on what they subscribed at that time; then they paid 10 per cent. of that, which makes one per cent.

Mr. Nixon.—I understood him to say they paid 10 per cent. of the total amount of the stock.

A. Of course the people who subscribed for the stock at par got \$40 back for the \$100 paid out; in that agreement the promoters also agreed to pay themselves, \$6,000 towards the purchase of a park along the line of that road.

Q. You believe that this purchase made by the other company is a good purchase? A. Yes, sir.

Q. What are you earning a month? A. I think from \$150 to \$100 a day; I can not tell the monthly earnings; I think the road will earn inside of three years, \$200 to \$250 a day; of course you understand now it only brings passengers to within three or four blocks of the center of the city; my idea is, when it is completed that its earnings will increase 25 per cent.

Q. Have you been interested in street railroads before? A. That was my first experience; I became interested in that because I put this old company into the hands of a receiver; two clients of mine had judgments to the extent of about \$10,000 against the old company, and I put it, on those judgments, into the hands of a receiver, and the only way to get anything out of it for the creditors of the former road seemed to be to organize to complete the road; in the shape it was in it was in a condition to produce nothing, and it was through that that I became interested in the road; it is absolutely my first experience.

Q. If you people had paid dollar for dollar for your stock you would not have had any bonded indebtedness on there? A. That might be, but we would not have been able to advance \$250,000 to complete that road.

Q. If you had been compelled to do that it might have remained to-day as it was when you put a piece of it into the hands of a receiver? A. If we had been compelled to advance \$250,000 to build the road nothing would have been done to the road; we could not have done it ourselves, and we probably could not have interested other people to that extent.

Q. You are satisfied now the receipts of that road will pay running expenses and interest on the bonds? A. Yes, sir.

Recess until Friday, October 18, 1895.

The committee convened at Bagg's Hotel, in the city of Utica, on Friday, October 18, 1895, at 10 a. m.

James F. Mann, called and sworn, testified:

By Mr. Wade:

Q. You reside in Utica? A. Yes, sir.

Q. What business are you engaged in? A. I am a lawyer by profession; I have been engaged in different matters; I am devoting a great deal of my time now to the Utica and Mohawk Railroad Company, and handling real estate.

Q. Is the Utica and Mohawk Railroad Company a surface street railroad? A. Yes, sir.

Q. Running from what place to what place? A. Along Bleecker street, from Genesee street to the Utica park.

Q. Called what? A. The Utica and Mohawk Railroad Company.

Q. Are you connected with any other street railroad? A. No, sir.

Q. This road, you say, is about two and a half miles in length? A. Two and three-quarters.

Q. Is it a double or single track road? A. Single track.

Q. Operated how? A. By electricity.

Q. When was this company organized? A. The charter is dated the 4th of January, 1874, according to this railroad report, and I think it is correct.

Q. When did you first become connected with it? A. In the spring of 1886; the present management run the first car over the road on the 4th of July, 1886; the road was torn up prior to that, which I can explain.

Q. I do not care about that; have you been a director of the company since that time? A. Yes, sir; and its president.

Q. And its president? A. Yes, sir.

Q. So you have been familiar with all its operations? A. Since that date.

Q. Since 1886; then it was operated as a horse-car line? A. Yes, sir.

Q. When did you proceed to electrify the road? A. In 1890; the first electric car ran over the road on the 24th of June, 1890.

Q. Did you then construct a power plant? A. No, sir.

Q. Have you since? A. No, sir; we hire our power from the Utica Electric Light Company.

Q. How do you measure that? A. We pay them so much a mile.

Q. Per car? A. Yes, sir; we pay them \$12 a day, entitled to 400 miles.

Q. Three cents a mile? A. Three cents a mile; but we do not use, ordinarily, the full 400 miles; then we pay 3 cents a mile for all we run beyond the 400 miles; and then for the trailers, I have forgotten the price; I think it is \$2.80 for the trailers, or \$1.80.

Q. How many cars do you run? A. In summer, to the park, six cars; at this time in the year five cars; in addition to that we have six trailers, and when we have a large park business we run a trailer with each car; our equipment is five cars in winter and six in summer, with trailers in summer as may be required.

Q. You do not run trailers in winter? A. No, sir.

Q. Does it own any real estate? A. Except its park.

Q. The company owns the park? A. Yes, sir.

Q. How extensive is that? A. Eighty-two acres.

Q. Are there any other lines leading to it? A. No, sir; our park is one of the features of our road; it is one of the finest parks you will find on your travels.

Q. When did the company acquire the park? A. The same season we put in electricity.

Q. Eighteen hundred and ninety? A. Yes, sir; prior to 1890 we had hired the property that is now owned by the Masonic Home Company, for an annual rental, for a certain portion of it, \$500 a year, and we had our pic nics there; that property was sold to the trustees of the Masonic Home, and we purchased this other property beyond and extended our lines.

Q. Was that used as a park previous to your purchase? A. No, sir; there was no road leading to it; it was a swamp; not as bad as that; it was a piece of land that had been rented and skinned twenty years; there is 20 acres of wood on it.

Q. Does your road connect with any other road at either end? A. No, sir.

Q. You run on Bleeker street from what street? A. From Genesee street; let me state one thing further; we do own other real estate; we own the lot on which our car-house is situated and the lot adjoining it; in other words, it all might be termed the car-house property; there is room enough for a power-house.

Q. Is there any road on Genesee street? A. Yes, sir; the Belt line runs on Genesee street.

Q. Do you connect with them there? A. No, sir; we run to the sidewalk; there is no connection between our track and the Belt line track.

Q. But, in fact, you do run to a street over which another road is constructed? A. We run to the sidewalk and they are in the middle of Genesee street; it is probably 30 or 40 feet from our tracks to theirs.

Q. Do you have any system of transfers between the two companies? A. No, sir.

Q. What is your fare? A. Five cents.

Q. Do you have much traffic on your line in the winter? A. It is very much lighter in the winter, so much so we lose money in the winter quite badly; our traffic in the winter will run in the neighborhood of \$50 a day; about that.

Q. About \$50 a day? A. Yes, sir.

Q. You can not operate your line for that? A. No, sir; we give a $7\frac{1}{2}$ minute headway, an excellent service.

Q. Does the traffic warrant that? A. The difficulty about that is changing; I have discussed it a great deal, that if we attempt to give less headway our contingent expenses would be the same, in addition to which, as we run our line, we put a set of cars on early in the evening, and the men go off at 7 in the evening and then another set of men are put on that go off at 10; if we decrease our service we should have to hire more men.

Q. There is another advantage to that; you keep your road better opened in snowy weather? A. Yes, sir; we have concluded we make more money doing as we are and giving better satisfaction; we run 15 minute service until 10 in the morning, and then $7\frac{1}{2}$ minute service until in the afternoon, and then later a 5 minute service.

Q. Do you run outside of the city limits? A. Not at this time in the year; we run practically to the city limits at this time in the year, to a street called Turner street.

Q. That is about how far from this end of your line? A. About two miles and a quarter; a little over two and a quarter.

Q. To the park you run half a mile outside of the city limits? A. Yes, sir; there is one switch difference; 1,500 or 2,000 feet; I can not give those figures accurately.

Q. What are the gross earnings of your line per annum? A. Last year they are given in this report here as \$25,755.55.

Q. And what are your operating expenses? A. Twenty-one thousand three hundred and sixteen dollars down here as operating expenses; and then there is the interest account, and other interest of that account in addition.

Q. Are they included in the \$21,000? A. No, sir; this is the report of June 30, 1894, I have before me; our present report is not completed.

Q. You think the earnings will be a little more? A. Yes; I think they will be a little more this year; last year was a year we failed to make some profit; we made a loss last year.

Q. The street on which your road is constructed is largely a resident street? A. Yes, sir; some stores; some stores on this end.

Q. About how much at this end is occupied by business blocks? A. From Genesee street to John street is all business.

Q. A distance of how far? A. Nearly a thousand feet, I should say, and then when you come to John street the corners are both occupied by business blocks, and then it is intersected with groceries and saloons and residences intervening.

Q. Do many people who work in the factories live along the line of your road? A. Yes, sir; a great many on Bleecker street and on streets back of Bleecker street; we are dependent largely on that population.

Q. Your patronage is largely from that? A. Yes, sir.

Q. Does your road pass any of the factories in which they work? A. No, sir; the factories are one or two streets below us, down on the line of the canal; that is, the cotton factories are; there is no regular factory on Bleecker street.

Q. At the time when you electrified the road in 1890 did you reconstruct it? A. Yes, sir; we had to.

Q. Relay the track? A. We had to ultimately; we thought we would not at first, but we had to.

Q. What kind of a track have you laid? A. Our road from Genesee street down to the end of the stone pavement is a 45-pound "T" rail; the balance of the road is a 40-pound "T" rail.

Q. What size cars do you run? A. Our main cars are 16-foot cars, the ordinary car; vestibule cars in winter; in summer we have five bodies that are interchangeable, open cars with an aisle through the center; we change the bodies.

Q. What is the length of those cars? A. I am not giving you the length; they seat 24 people; I do not remember the length;

about the ordinary length; they were bought for horse cars; if we should buy new ones we should buy larger ones; we bought those vestibule cars for electricity.

Q. Do you think a 45-pound "T" rail is heavy enough? A. I should build heavier if I should build again; our ties are very close together, and the road firmly constructed; on this end it is all on stringers, and on the other end on ties.

Q. Are your stringers on ties? A. Yes, sir.

Q. Are they bolted to them? A. They are put down with knee braces and fastened to it with a rod through; we have a well constructed road and a very smooth riding road; we all learn by experience.

Q. At the time you became connected with the road what was it capitalized at; that you said was in 1886? A. I can not give it to you exact; the road was first organized as the Utica and Mohawk Street Railroad; it was before I had anything to do with the management; its capital I do not know; it had a bonded debt; they failed to make money, and the mortgage was foreclosed, and there was an organization made that took that railroad company, the difference being in leaving out the word "street;" the road was chartered in its original charter to run—they had a precarious existence and failed to make money; they got out about \$40,000 of stock and \$15,000 of bonds, and disputes arose among the property holders on the street as to whether the road should be laid in the center of the street or at the side of the street, and the owners of the road attempted to lay it in the street in the center, and the property holders tore it up; for about three years they had endless trouble; I was the owner of real estate in that end of the city, and I stirred them up to compel them to build it; we finally purchased the road; we paid about \$5,000 for their stock which they had outstanding, some forty odd thousand dollars.

Q. Had they any track laid? A. A little constructed; this end was all laid then; and we paid \$5,000 or thereabouts for the road, and assumed a \$15,000 bonded indebtedness; we then retired all their stock, \$40,000, and issued new stock, retiring all

the stock; we raised about \$12,000 on the stock; we have increased our stock until it is \$52,100; all our stock has been sold for par; we have no water in the road.

Q. Cash? A. Yes, sir; we have a mortgage and indebtedness of \$75,000; some of the best men in Utica were on the old organization; they lost money; when we first started a horse road the first four or five years we paid 5 or 6 per cent. dividends; since we put in electricity we have earned every year a little, but never paid any dividends since electricity was on the road; we have increased our expenses too much; we hope to be in good shape again; this panic hurt us very badly.

Q. What is the character of the \$75,000 indebtedness? A. There is \$75,000 of first mortgage bonds, 5 per cent.

Q. When were they put on the road? A. They were put on the road—I do not remember how far back; about the time we put on the electricity; we have in addition to that an indebtedness of about \$35,000.

Q. In addition to the \$75,000? A. Yes, and then we have an indebtedness of about \$35,000.

Q. How is that represented? A. By notes of the company.

Q. And \$52,100 of stock? A. Yes, sir; \$52,100 of stock, \$72,000 of bonds, and then the \$35,000 of the other.

Q. At what price did you dispose of your bonds? A. Par and accrued interest.

Q. So your road, and the park, and your real estate, as you call your car house, stand you in \$162,100? A. It is about that; it is footed in this report \$166,000, but their figures may vary a little; it is near enough for the purpose.

Q. What is the total authorized issue of stock? A. Two hundred and fifty thousand dollars; that was under the old charter; we are organized under the laws of 1850, and the charter providing for the extension of the road to Mohawk and around these other streets; that was before we had it.

Q. Have you issued all the bonds that your mortgage secures? A. Yes, sir.

Q. Have you any extensions now in contemplation? A. No, sir.

Q. How much did you pay for the 82 acres of land that went into the park? A. We paid at the time \$100 an acre for it, and then we have paid a large amount of money out; it stands in this report, as our real estate account, \$43,705.

Q. Does that include the car house? A. No, sir; that is the park alone; the car house is included in the construction.

Q. Park, \$42,000? A. Forty three thousand seven hundred and five dollars and forty-five cents; there has been a slight addition to that since then.

Q. How much is your car house worth? A. My recollection is that our car house cost us about \$3,000.

Q. Real esate and all? A. No; I don't know what the real estate was; when we bought the lot of Mr. Hutchinson, assuming \$15,000 of bonds and paying him \$5,000 cash, the whole amount was assumed; he owned the car house individually, and he put this in as part of the deal in place of another lot that was the car house at the time; then we bought another lot adjoining for \$1,200.

Q. So that it stands you in about \$4,200? A. Yes, sir; but in addition to that, when we equipped with electricity, we had to spend some money in changing over the car house; I did not keep a separate account of that.

Q. Can you give an estimate of it? A. A few hundred dollars; we managed to do it without changing the roof.

Q. Would \$5,000 cover the entire amount of money that went into it? A. I think so, possibly; it might not cover it; I have not looked at it in a long time; others would be more familiar with it than I.

(Witness addresses a few questions to Mr. Dimon.)

A. I will revise my figures now; we added to the car house; I can not give you the correct figures.

Q. Do you remember about what it cost you to construct this road per mile? A. No, sir; we have built it, and then we had to relay our tracks and rebuild it from time to time.

Q. Do you have to pay the expense of paving? A. The present management has not, but there was an expense paid by the former managers of the road; they paid several thousand dollars; I do not remember how much.

Q. You have to maintain a certain portion of the street and keep it in repair? A. That is a question of law that has never been up for us to determine.

Q. Do you do that? A. We never expended any money on the street.

Q. Supposing the paving between your rails gets out of repair? A. We never had occasion; it never has got out of order since we laid the track; the lower part of the street is macadam and this part stone; over towards the park there is no pavement.

Q. Do you remember what your cars cost you? A. We paid for our vestibule cars about \$1,100 each; that is, the body without the equipment; we paid for our trailers, the bodies, when we bought them, as horse cars, about \$900 each; they are Stevenson cars and handsome cars.

Q. I suppose you simply put those bodies on other trucks in the summer season? A. Yes, sir; we take the trucks from under the vestibules and put them on the other, and that takes the motors.

Q. What motor do you use? A. The Edison; we have 8 motors; 8 sets.

Q. What do those cost you? A. I could not give you those figures; we did it by contract; so much for the equipment of the road; I can not give you the figures.

Q. How many other street railways are there in the city? A. But one.

Q. But one? A. That is all; the Utica Belt Line; there was another railroad, the Oneida Street, but that road has been taken up and abandoned; there is the Deerfield, a portion of it in the city of Utica.

Q. These roads have no connection with each other? A. No, sir; the Deerfield road runs from Utica to Deerfield; Frederick G. Weaver, our candidate for senator, is president of it; if you desire to see him you call him in.

Q. What is the population of the city? A. I can not give you the census; I should say the population of Utica now is 52,000 or 53,000; that is, according to our last city directory.

Q. Do you think these roads, if they were all put together, could be operated to better advantage to the company and to the people? A. I do not know that they could, sir.

Q. I suppose, Mr. Mann, your road has cost you, constructed in the manner in which it has been, and reconstructed, a great deal more money than it would to construct it new? A. In the first place, we had to lose our money that had been put in for horse power equipment and tracks; in addition to which electrical machinery is much cheaper now; there has been an immense amount of money lost in our road one time and another; taking the money losses and putting it in at the present prices there would be a heavy deficiency.

Q. Yes, but your track stands you in here at better than \$30,000 a mile? A. Possibly.

Q. Of course, your construction— A. I do not know what it stands us in a mile; I have not figured it.

Q. I have not, but it must run above that; are you constructed in the center of the street? A. We are in the center of the street the greater portion of the distance, and then in the lower part of the city on the side.

Q. You have the side line construction? A. Yes, sir; more than that is side line construction.

Q. Do you have any system of returning the current? A. Yes, it is returned back to the power house again.

Q. By what means? A. By an underground wire.

Q. Copper wire? A. I think ours is galvanized.

Q. Are your rails bonded by a system? A. Bonded by galvanized wire; just the ordinary wire.

Q. That is much cheaper construction than copper bonding? A. Yes, sir; we put it in before they got to the copper bonding.

Q. Is there anything in your soil here that renders copper bonding impracticable? A. No, sir; I think the Belt line have a large amount of copper bonding.

Q. How many men do you employ? A. It varies very much, our summer and winter business.

Q. About how many; I mean in the actual operation of the road; not the park? A. At times we employ quite a number at the park, half a dozen or more, and then in the winter only one; ordinarily 15 or 20 men.

Q. What wages do you pay? A. Forty dollars a month?

Q. You pay by the month? A. Yes, sir; that is, most of our men; we pay two men at the car house \$1.50 a day, a young man for change during meal time \$1 a day; motormen and conductors \$40 a month.

Q. How many hours a day? A. They average about 11 hours; we have got it in our report at more hours; that is wrong; it is about 11 hours a day; two crews commence at 6.30 and another at 6.30, and another at 7, and another crew go in at 10, and after, and the first set of crews come off about 8 o'clock and the others work until 10 or 11; they take alterante weeks; our crews do not start as early Sundays; men are very well satisfied with the hours.

Q. Do you have any complaints on your road with crowded cars? A. No, sir; in the summer when we have our picnic business we do; of course that is unusual; with our ordinary service there is no trouble at all; I wish there was.

Q. You would like to see them crowded a little? A. Yes, sir.

Q. I suppose you acquired this park to make it an attraction? A. Certainly.

Q. And produce business for your road? A. The road could not live without the park; we would go into bankruptcy very soon.

George D. Dimon, called and sworn, testified:

By Mr. Gleason:

Q. You reside in Utica? A. Yes, sir.

Q. Are you connected with one of the street railroads? A. I am treasurer of the Utica and Mohawk Railroad Company.

Q. In what year was that incorporated? A. It is organized as Mr. Mann described here.

Q. I did not hear Mr. Mann's testimony; I thought you were connected with the other road? A. My recollection is not very distinct and I will refer to this report.

Q. This is the same road of which Mr. Mann was president? A. Yes, sir.

Q. I did not hear all of Mr. Mann's testimony. A. We are working under a charter dated January 4, 1874; the road was organized in 1886.

Q. You heard Mr. Mann's testimony in reference to the cost of the car house; you are probably a little more familiar with the figures than Mr. Mann; is there any change you would like to make in the testimony as to the cost of that house? A. Mr. Mann's testimony was correct in all respects except in regard to the car house, and I think when he gave his first figures he did not remember about the cost of rebuilding, which was larger; he did not include that; I should say the value of the car house was \$4,500.

Q. Does your road intersect with any of the other roads in the city? A. No, sir; it does not.

Q. Then you have no system of transfers? A. No, sir; the western end of our road is at Genessee street, which is occupied by the Belt road.

By Mr. Nixon:

Q. You have no transfer arrangement with the Belt line? A. No, sir.

Q. A passenger desiring to take that road at the terminus of your road has to buy a ticket? A. Yes, sir.

Q. Don't you think it would be for the general benefit of your system, your line is so short, if you could arrange a system of transfers between the two roads; don't you think it would be an advantage to both of you? A. I do not think so; perhaps I do not understand the real benefit of this transfer system; it may be applicable in larger cities when it would not be here.

Q. It seems to be a general belief among railroad people that a liberal system of transfers increases the traffic, that it creates a

friendly spirit on the part of the traveling public and makes an increased business, and as in a great many cities a reduction of fare does; take it in the city of Detroit they have a three-cent fare, and the profits of the road are greater than it was when they had a five-cent fare; it tends to make the receipts greater by creating a friendly feeling. A. That would apply in some cities where it would not here; this road ends right at the centre of the city, and there is very little transfer business from there to go across the city; they come down here and stop.

Q. Do you carry any people who are employed in the other part of the city in the manufactories there, who go clear across your city? A. I can not say positively in regard to that, but I suppose some.

Q. Now, you take a laboring man who lives on your line, who would have to go clear cross the city and there would be two railroad fares each day; that would be quite a hardship? A. That is true if there is much of any business of that sort, it would be an advantage; I recognize that; my impression is that most of the people that are employed in the factories live somewhere in the neighborhood of the factories; of course there may be families that do not.

Q. Your city is not so large but what they can do that? A. No; that is my impression about it.

Q. So that a man can rent a house as reasonably near his place of business as in some other part of the city; your factories are out of the city largely? A. Yes, sir.

By Mr. Gleason:

Q. If a man wanted to go to your park this afternoon, how many fares would he have to pay from here? A. He would have to pay two; but the end of Bleeker street is just a short distance from here; you would not think of taking a car from here to Bleeker street; if there was a transfer you might; it is two or three blocks only.

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By Mr. Nixon:

Q. Is there anything further in connection with the organization of the road as to the bonding or indebtedness that you can give other than Mr. Mann already has? A. I think Mr. Mann gave the whole of it; our bonded indebtedness is \$75,000, and the floating indebtedness about \$35,000, he said; I will look at the report and see just the amount; it is given at \$35,773.41 in the report of 1894; it is perhaps a little larger at this time.

By Mr. Gleason:

Q. Your capital stock which is outstanding is \$52,100? A. Yes, sir.

Q. How was that paid for? A. That was paid for in cash.

Q. At par? A. At par.

Q. And has all the stock which has been subscribed for been issued? A. Yes, sir.

Q. That is all that has been subscribed? A. Yes, sir; it has been taken; at the organization of the road there was some of this stock subscribed for at that time and came into our hands as so much money and so much stock; I do not know about the actual transaction, whether they gave money or other value received.

Charles E. Benton, called and sworn, testified:

By Mr. Wade:

Q. Do you reside in Utica? A. No, sir; I reside in New Hartford; it is right at the city line.

Q. And have for many years? A. About seven or eight years in that place.

Q. What is your business? A. Retail coal business.

Q. How long have you been engaged in that? A. About seven years; seven to eight years.

A. At one time were you appointed receiver of one of the surface street railways of the city of Utica? A. Yes, sir.

Q. What road? A. The Belt Line.

Q. When were you appointed such receiver? A. I think it was the 30th day of January, 1892.

Q. At whose instance were you appointed? A. By different members of the company, I presume.

Q. What I mean by that is, what character of proceedings were instituted by which you were appointed; was it a foreclosure suit or something else? A. No, sir; it was not a foreclosure suit; it did not come to that; I was appointed to take charge of the road.

Q. Was a foreclosure commenced? A. Yes; there was proceedings commenced.

Q. And in that proceeding you were appointed? A. Yes, sir.

Q. Had you prior to that time been connected with the road in anyway? A. I was at one time superintendent.

Q. When? A. I do not remember exactly when that was; it must have been along about 1885.

Q. At that time was the road run by horse-power? A. Yes, sir.

Q. What was the extent of its trackage at that time? A. I think at that time it was about 20 miles; it seems to me.

Q. And how long did you continue such superintendent? A. I was only there about six or eight months.

Q. Were you a stockholder in the company? A. No, sir; at that time I was.

Q. At that time you were? A. Yes, sir.

Q. When did you cease to be? A. When I resigned as superintendent.

Q. And since that time have you been interested in the road as stockholder? A. No, sir.

Q. And were not so interested when appointed receiver? A. No, sir.

Q. How long did you continue receiver of the road? A. Two years and a half.

Q. Two years and a half? A. Yes, sir.

Q. At the time you were appointed receiver was the road operated by electricity? A. Yes, sir.

Q. During your receivership were any extensions made? A. No, sir.

Q. Or any betterments of any amount put upon the road? A. Yes; we relaid a good deal of track.

Q. What was the occasion of that? A. It was an old horse car track and it had to be renewed in order to operate it successfully; the rail was too light.

Q. During the time you were receiver about what was the earnings of the road per year? A. I did not bring those figures with me; I think the last year it was about \$148,000.

Q. One hundred and forty-eight thousand dollars this last year; when did you cease to be receiver? A. The fifteenth of July, 1894.

Q. During this last year or the year you were receiver — A. The last year I was receiver.

Q. About what were the operating expenses the last year you ran the road? A. I think we operated it for about 65 per cent; somewhere about that.

Q. Of the gross receipts? A. Yes, sir.

Q. What was the bonded indebtedness upon the road at that time? A. The first mortgage, \$500,000.

Q. What was it? A. The first mortgage bonds were \$500,000.

Q. Any in addition to that? A. Second mortgage bonds.

Q. What was that amount? A. I think about \$140,000; that is, I was told so; I do not know that of my own knowledge.

Q. In the operation of this road by you as receiver, you became quite familiar with the traffic upon the various lines, did you not? A. Yes, sir.

Q. You devoted your own personal attention to it? A. Yes, sir.

Q. Prescribed the rules by which the cars were operated? A. Yes, sir.

Q. And the road was run; what streets does the road cover or run through? A. It covers Genesee street, Eagle street, Seymour avenue, Blandine street, Union street, Harper street, Steuben street, South street, Fayette street, Main street.

Q. Do all your cars run upon all the streets which you have named? A. No, sir.

Q. How do they connect with the different branches? A. The terminus is here at Main street at the New York Central depot,

and they all go up Genesee street for a distance until they pass the canal, and then branch on the different lines.

Q. Have you any road on the north side of the Central road? A. No, sir.

Q. All on the south side? A. Yes, sir.

Q. So that all your roads go up Genesee street west and then branch off? A. That is it, yes, sir.

Q. And your cars all run to one point? A. Yes.

Q. All on the south side? A. Yes, sir.

Q. So that all your roads go up Genesee street west and then branch off? A. That is it, yes, sir.

Q. Are there any other lines branching off from those branches? A. No other connections, only the suburban lines continued on the different streets.

Q. Those are continuations? A. Yes, sir.

Q. Then your cars from the suburban lines do not run clear down? A. Yes, sir; they continue on, I say, from the different streets.

Q. How far is it up to where they branch off? A. The first branch is right opposite to where the Bleecker street car goes off.

Q. How far is it from the central depot? A. Perhaps 3,000 feet.

Q. What is the first street on which the line branches off from Genesee? A. Fayette.

Q. And the second? A. Columbia street.

Q. The third? A. Blandine street; two lines branch off there.

Q. The fourth, if there is any more? A. The Eagle street line.

Q. Supposing I should get on a car to go up your road, that branches off on Eagle street; at the depot I took a car to Fayette street; would they give me a transfer where it branches off? A. No, sir.

Q. I would have to pay a double fare? A. Yes, sir.

Q. You have no transfer system? A. No, sir.

Q. Don't you think you ought to? A. No; I was not in favor of it.

Q. Is there any continuous line on which they have to pay two fares? A. Yes, sir.

Q. Where? A. One to New Hartford, and one to Whitesboro, and New York Mills.

Q. Are they within the city limits? A. No, sir.

Q. Outside? A. Yes, sir.

Q. You collect one fare to the city limits? A. Yes, sir.

Q. And another beyond that? A. Yes, sir.

Q. Which one of these lines runs to Whitesboro? A. The Fayette street and Columbia; one goes to Whitesboro and the other to New York Mills; those are alternate cars as they run out of the city; Whitesboro is a little over four miles to the end of the road.

Q. From where? A. From the Central depot.

Q. How far from the city limits? A. About two and one-half miles.

Q. And for that travel your road gets 10 cents? A. Yes, sir; full fare.

Q. What? A. Full fare.

Q. And to New York Mills what is the difference from the city limits? A. Both of these lines run to Yorkville, and then one branches to New York Mills and the other to Whitesboro.

Q. Which is the longest distance, to New York Mills or Whitesboro? A. I think to New York Mills a trifle.

Q. Are there any continuous lines within the city where more than one fare is charged? A. No, sir.

Q. So that a person can take a car near the depot here from which all cars start, and go over any line the entire length of it within the city for five cents? A. Yes, sir.

Q. About how much trackage has this company now? A. I think about 23 miles; I think that includes switches, according to this report of 1894.

Q. Twenty-three miles of track? A. Yes, sir.

Q. Was the road reorganized at the time you went out as receiver? A. Yes, sir.

Q. By whom? A. By the different stockholders and gentlemen interested in the road.

Q. Who were they? A. Mr. Mather was one, of Utica; and Mr. Gardiner, who became vice-president, of New York.

Q. He resides in New York city? A. I think so, or Albany; down east; I was not acquainted with the eastern gentleman; never met them.

Q. Several gentlemen from away? A. Yes, sir.

Q. Are they using the same cars now they were when you were receiver? A. Yes, sir.

Q. What kind of cars are they? A. They are the motor cars, T.-H. motors, Thompson-Houston, or General Electric.

Q. Are the car bodies vestibule cars? A. Some of them.

Q. Which do you like best, the vestibule or the open? A. I prefer an open car if it is constructed right; these are an old pattern of cars they have here, all of them.

Q. But so far as the vestibule feature is concerned, would you have vestibules on all cars of your lines? A. I think I would on the suburban lines; on the others I would not.

Q. Why not? A. For the reason they are not quite as handy for passengers to get in and out of.

Q. Is that the only advantage of having an open end? A. The vestibule, of course, is heavy to carry and cumbersome, and in the way more or less.

Q. Are your motormen better protected in a vestibule than in an open-end car? A. They are in these vestibules as they were at the time I was on the road.

Q. What were these cars, the old horse cars made over into electric cars? A. Part of them were; the open-end cars were, but the vestibules were purchased.

Q. How many of those have they? A. I think there is 15 of those.

Q. Have they any summer resorts or places of amusement on the line of this road? A. No, sir.

Q. So its travel is quite uniform? A. Yes; quite so, I think.

Q. I think you said it was earning about \$145,000 a year? A. When I left the road.

Q. And cost 65 per cent. of that to operate it? A. Yes, sir.

Q. That, of course, included no fixed charges by way of interest?
A. No.

Q. Did that include any taxes? A. I think the taxes were figured in in that; I am not quite certain; I think they were.

Q. Do you have any percentages to pay to the city here? A. Only by city tax.

Q. You pay no car license? A. No, sir.

Q. Or no part of the gross receipts to the city; no percentage?
A. No, sir.

Q. How much did you pay the motormen while you were receiver; the motormen and conductors? A. Paid $12\frac{1}{2}$ cents an hour when I was first appointed, and finally raised it to $13\frac{1}{2}$ cents.

Q. Do you know what it is now? A. No, sir.

Q. While you were receiver did the road pay operating expenses and enough to liquidate the interest on its bonds? A. I think it did the last year.

Q. You spoke about your having to relay some of the track; what rail did you use in doing that? A. On Main street we used the 85-pound, 9-inch, girder rail.

Q. And on the other streets? A. The first track I laid, I think, was a 48-pound "T" rail; that was on the suburban line.

Q. That was on the streets not paved? A. No; it was paved; that is, part of it was.

Q. Do you know the machinery by which the company was organized? A. No; I do not know very much about it.

Q. You ceased to be a stockholder when you ceased to be superintendent? A. Yes; several years ago.

Q. You were not a stockholder while you were receiver? A. No, sir.

Q. Does the road have any freight business? A. No, sir.

Q. Or any express business? A. Not any.

Q. What would you think of the feasibility of the city's owning and operating this plant? A. I do not think it would be profitable to the city or the inhabitants, either one.

Q. Why not?

By Mr. Nixon:

Q. Don't you think there is any money in it for anyone? A. I do not think there would be for the city, run under the head of the city government.

Q. Is not your city government here sufficiently economical so it could take hold of a business enterprise and run it profitable?

A. From what I know of public business it is not alway run as economically as private business.

Frank J. Cronk, called and sworn testified:

By Mr. Wade:

Q. Where do you reside? A. Utica.

Q. What is your business? A. I am in the hotel business at present.

Q. Have you ever been connected with a surface street railroad in the city of Utica? A. I was elected secretary of the company immediately after it was organized.

Q. Of what? A. Of the Oneida Street Railroad, and directly after that I engaged in other business, and Mr. Wilcox, the treasurer of the company, he took charge of all the affairs and effects so that I had little or nothing to do with the books of the concern.

Q. Have you been connected with any other? A. No, sir.

Q. What has become of that road? A. What became of that road?

Q. Yes, sir. A. They laid an asphalt pavement through there and tore up the tracks, and the barns and cars have been destroyed by fire, so there is nothing left.

Q. So it is not operating any road now? A. No, sir.

Q. Has it abandoned its franchises? A. Yes, sir.

Q. When did it abandon its franchises? A. I suppose it lost its franchise when it ceased to run for a period, did it not?

Q. Probably; when was that? A. The road has not been run in over a year.

Q. Do you understand there is any proposition or intention to revivify or resuscitate this road? A. Not that I know of.

Q. Is there any land left? A. There was one lot where the car barn was.

Q. What became of that? A. That is there still.

Q. That has not been removed? A. No, sir; but it probably would have been if it could.

Albert G. Young, called and sworn, testified:

By Mr. Wade:

Q. Are you the superintendent of the Belt line? A. Yes, sir.

Q. How long have you occupied that position? A. About three years.

Q. And as such you have charge of the operation of the road? A. Yes, sir.

Q. Running its cars? A. Yes, sir.

Q. And prescribing the rules by which they are operated? A. Yes, sir.

Q. And the general supervision of the men? A. Yes, sir.

Q. Are you a stockholder in the company? A. No, sir.

Q. And never have been? A. No, sir.

Q. Prior to the time you became superintendent were you connected with the road in any other capacity? A. Yes, sir.

Q. What? A. Master mechanic.

Q. How long did you occupy that position? A. I was there very nearly three years.

Q. And had you any other connection with the road than that at any time? A. I had charge of the power station; I was at the power station a short time.

Q. As superintendent of the road do you also have charge of the power station and its management? A. Yes, sir.

Q. What is the capacity of the power station? A. In horse power, do you mean?

Q. Yes? A. I think about 600 horse-power; about 600 horse-power.

Q. How many cars do you operate? A. Twenty.

Q. Continuously? A. Yes, sir.

Q. How many men do you employ? A. Do you mean all told?

Q. Yes? A. About 150.

Q. How many men does it take to operate your cars? A. About 57 regulars.

Q. Does your 150 include the extra list? A. Yes, sir, that includes everything.

Q. What wages do you pay to your motormen and conductors? A. Thirteen and one-half cents an hour.

Q. How many hours does it average? A. It averages a trifle over 10 hours.

Q. Have you had any complaints from your men because of low wages? A. No, sir.

Q. How is the road doing now as compared with a year ago? A. I should think about the same; I do not think there is much difference.

Q. Its earnings you think are about the same? A. I think so.

Q. Do you attend the meetings of the board of directors of the company? A. Yes, sir.

Q. How often do you think they have a directors' meeting? A. Twice a year.

Q. Are the majority of the directors residents of the city? A. Yes, sir.

Q. Are there some gentlemen from other localities interested in the road? A. Yes, sir.

Q. Do you have a considerable patronage of your road by laboring people going to and from their work? A. Some.

Q. How extensive? A. I am not prepared to say.

Q. Is it such that it is noticeable that your traffic is heavier mornings and evenings when they are going to and from their work? A. Not so much as in the afternoon; our heaviest travel is in the afternoon from lady shoppers.

Q. That is, people going to the stores to trade? A. Yes, sir.

Q. Your regular fare is five cents? A. It is four cents, really, when they buy tickets; 25 tickets for a dollar; that makes it four cent fare.

Q. Do you sell six for a quarter? A. Yes, sir.

Q. How are those books put up? A. They are not put up in books at all; they are just strips; 10 tickets in a strip.

Q. And if a person comes on your line and asks your conductor for six tickets he can get them? A. No, sir; the conductors do not handle them at all.

Q. Was there a time when conductors did handle them? A. -Not to my knowledge.

Q. Where are they sold? A. They are sold in different places throughout the city, and also at the main office, and they are sold out on the suburban lines, New York Mills and Hartford and Whitesboro.

Q. I suppose you would sell more of them if the conductors handled them? A. I think not.

Q. You do not think you would? A. No; because there is so many places we sell tickets that the people can get them there handily if they want to.

Q. Then there is no difference in price for tickets in buying six tickets than in buying 25? A. No.

Q. You have no transfer system upon your lines at all? A. No, sir.

Q. Supposing a person wanted to come up on the Fayette street line to the junction on Genesee and then to go up Genesee street and off on some other branch and all within the city, they would have to pay two or more fares? A. Yes, sir; but that is very rarely the case, because our roads all center in the center of the city.

Q. Yes, but you go up to Fayette street and a line branches off and goes in another direction? A. Yes, sir.

Q. And a little further to Columbia street and another line branches off in another direction? A. Yes, sir.

Q. Supposing I live on Fayette street, and I wanted to go up on Columbia street, to go by your street car costs me two fares? A. Yes, sir.

Q. Don't you think your company ought to make a transfer system there by which one fare would take a passenger over your lines from any point to any point, both within the city? A. No, sir, I do not think so; I do not think they could afford to do it on a four cent ride.

Q. On your statement it would not cut much ice, because it is very seldom anyone wants to go that way; of course you can carry a passenger from the depot to Fayette street just as cheaply on a Columbia street car as you can on a Fayette street car? A. Yes.

Q. It would not make any difference to the company if I wanted wanted to go out Fayette street, if I got onto a Columbia street car up to Fayette street and then took another, if they gave me a transfer, would it? A. No.

Q. Do you know whether there is some complaint among the people because you do not adopt some transfer system? A. I do not know as you can call it complaint; I have heard some talk about it.

Q. There is a sort of feeling that you ought to do it? A. Somewhat; yes.

Q. You do not think you ought to? A. No, sir, I do not; I do not think the road could afford to do it at the present time, under a four cent ride.

Q. Are your grades easy? A. There are some sharp grades.

Q. What is the greatest grade? A. I think on the bridge is the sharpest one; that is about a 10 or 12 per cent. grade, and there are some others about the same; of course, it is all grade right up from Main street right up; up Genesee street is grade clear to the top of the hill, and the same on the south street lines.

Q. But you have got no 12 per cent. grade on this street out here? A. It is very near it on the canal bridge there.

Q. Just as you go onto the bridge? A. Yes, sir.

Q. A short distance? A. Yes, sir.

Q. Is that a draw bridge? A. No, sir.

Q. So you do not have to stop going onto it or off from it? A. No; we only stop on top of the bridge; we take on passengers on the bridge if they wish to.

Q. You have no order that a car shall stop before going on or off the bridge? A. No, sir.

Q. The stopping place there is like any other to take on or let off passengers? A. Yes.

Q. Have you any grade crossings in the city? A. Yes, sir.

Q. Where? A. We have two on Columbia street.

Q. With a road? A. Delaware and Lackawanna, and on the Ontario and Western, and we have grade crossings with the West Shore; that is with the Genesee street line.

Q. Are you familiar with the cost of this road? A. No, sir, I am not.

Q. Or its equipment? A. No, sir.

Q. Power station? A. No, sir.

Q. What real estate has the company? A. I could not say in regard to that.

Q. You do not know whether it owns the power station or leases it? A. It owns the station, I think.

Q. And the car houses? A. The car house here is leased, I believe.

Q. What do you think of the idea of municipal ownership of street railroads? A. I do not think very much of it.

Q. Do you think it would be advantageous for the city? A. No, sir, I do not.

Q. Why? A. Not under the present municipal form of government, anyway.

Q. I judge from that remark you have not the most implicit confidence in the city government? A. Well, no, not very much.

Q. Has that subject been agitated in the city of Utica that you know of? A. Not that I am aware of.

Q. Do you believe the time will come when this road can afford to carry passengers for three cents each? A. It will be a long ways; the city has got to grow before we can afford to do that, considerably.

Q. Do you think a three cent fare would increase your present traffic appreciably? A. It might increase it somewhat, but it would have to increase it very much in order to get out whole of it.

Q. Do you think that 65 per cent. of the gross receipts is a pretty large expenditure of money for operating this road? A. Perhaps it has been; there has been considerable work done, you know, here; we had very poor tracks, and we have had to relay those tracks.

Q. If you have been doing that and charging it up to operating expenses, that is one thing; do you charge that to operating expenses or construction account? A. I can not say.

Q. You can see that makes a great deal of difference when you figure the cost of operating your road? A. The time may come when they can operate it cheaper, but they can not now.

Q. How much coal do you consume a day? A. I could not tell you now, unless I had the figures here.

Q. About how much? A. I should think somewhere about 12 or 14 thousand pounds.

Q. Twelve thousand or 14,000? A. Yes, sir.

Q. Six or seven tons a day? A. Yes, sir.

Q. What system of return current do you have? A. We have the supplemental wire in some streets; in others we return by the rail, and then we have —

Q. What do you think is the difference between a proper return wire, copper wire, and an effort to return the current by the rails? A. What do I think is the difference?

Q. Yes. A. I think the rail return is the best.

Q. Do you? A. Yes, sir; if the cross section of the rail is large enough to warrant it; of course, we have overhead return, you know; several of them.

Q. That takes the place of your underground return, then? A. Of course, these overhead returns you have to attach to the rail.

Recess until 2 p. m.

AFTERNOON SESSION.

John W. Boyle, called and sworn, testified:

By Mr. Wade:

Q. You reside in Utica? A. I reside in Whitesboro, but I have an office in Utica.

Q. And you are the president of the Belt Line Railroad of Utica? A. Yes, sir.

Q. How long have you occupied that position? A. Since about the 13th of August, 1894.

Q. Prior to that time were you connected with it as director or otherwise? A. I was connected with it prior to that time from about 1887 down to 1894, as a director a portion of the time and as the attorney most of the time.

Q. And have you been familiar with the various proceedings through which the company has passed since the time the company commenced electrifying the road? A. In a general way; yes, sir.

Q. That, I think, some one stated was in 1890, that that operation was started. A. The beginning of the change of motive power was in the fall of 1889, and the first electric cars were operated over our system in about March, 1890.

Q. Do you know the extent, or rather, do you know the miles of trackage the company had prior to that time? A. The Belt Line Company?

Q. Yes; prior to the fall of 1889. A. In answer to that question permit me to say that the Belt Line Company was organized in 1886, and that about that time they had about eight to 10 miles of track, the Utica Belt Line Company.

Q. What is the extent now? A. It is about eight miles; since the organization we abandoned about a mile of the Belt Line tracks on account of the want of patronage and inability to support itself.

Q. About eight miles? A. About eight miles of Belt Line track proper.

Q. The company has upwards of 20 miles? A. We are operating about 23 miles of track; if you will permit me in narrative form to state I will; the Utica Belt Line Company was incorporated under the act of 1884, in June, 1886; in the fall of 1886 it leased from the Utica, Clinton and Binghamton road, a steam road incorporated under the Steam Railroad Act of 1850, its street surface tracks, which then constituted about nine miles of track; that lease is a 99-year lease, for which the Belt Line Company agreed to pay \$15,000 per annum rental; at that time the Belt Line owned of its own track about nine miles; that was in the fall of 1886; since that time the Belt Line Company has been operating the lines which it then leased, with such additions as it has built to them, with its own lines, down to the present year, so that we are now operating about 23 miles of track, in this city and suburban villages.

Q. Did you at any time operate that leased line by steam power?

A. No, sir.

Q. It has always been run by horse power or electric power?

A. Yes, sir.

Q. How much have you extended your lines since the company commenced electrifying the roads in 1889? A. If my recollection serves me right, about three miles.

Q. At the time the Belt Line leased this portion of the surface street railroad that was incorporated under the Steam Railroad Act, what was its capital stock, the amount? A. The Belt Line Company?

Q. Yes. A. One hundred and fifty thousand dollars.

Q. What was its bonded indebtedness? A. Three hundred thousand dollars, as I understand it.

Q. Had it an authorized issue of stock greater than \$150,000? A. No, sir.

Q. Had it any other indebtedness aside from the bonded indebtedness of any appreciable amount? A. At the time the Belt Line leased the Binghamton tracks I was in no wise connected with the Belt Line Company, but I understand it had no other indebtedness.

Q. So that the charges against the road, the capital stock and (Assembly, No. 98.)

the bonded indebtedness, was \$300,000? A. Three hundred thousand dollars were the first mortgage bonds, and the stock \$150,000.

Q. That would be \$450,000? A. Yes, sir.

Q. Was there a reorganization of that company at the time you commenced electrifying it? A. No, sir.

Q. Was there an increase of its capital stock at that time? A. No, sir.

Q. Or its bonded indebtedness? A. There was an increase of its bonded indebtedness of \$200,000 at the time the motive power was changed, at about the time the motive power was changed.

Q. Was that for the purpose of enabling it to change from horse power to electric power? A. Yes, sir.

Q. So then it stood at \$650,000? A. At that time; yes, sir.

Q. Subsequent to that time it went into the hands of a receiver? A. Yes, sir.

Q. And did a reorganization take place after it went into the hands of a receiver? A. Yes, sir.

Q. And was that the means by which it was taken out of the hands of the receiver? A. Yes, sir; and the only means by which the bondholders and stockholders of the property saw any margin in their property was to take it out of the hands of the receiver by an amicable arrangement, and reorganize.

Q. What was the arrangement by which it was done? A. Intermediate; the putting on the additional \$200,000 of bonds —

By Mr. Nixon:

Q. Right there; pardon me for interrupting you; at what were those bonds sold, the \$200,000? A. Of my own knowledge I do not know; but for the \$500,000 of the first mortgage bonds I understood that \$425,000 was received.

Q. About 85 cents then? A. Yes, sir.

Q. Were the last issue of \$200,000, were they taken by the first bondholders? A. Yes; very largely.

Q. Now, shortly after the issuing of the additional — A. Two hundred thousand dollars of the first mortgage bonds, it was discovered about a year after the change of the motive power had

been made that the road needed more money, and there was a second mortgage bond issued of \$200,000, of which authorized — there was a second mortgage bonds of \$200,000 authorized, of which there is to-day outstanding about \$140,000, and which is liable to be increased \$15,000 to \$20,000 by reason of new money put in since the reorganization.

By Mr. Wade:

Q. That was before the road went into the hands of a receiver?

A. Yes, sir.

Q. And that is the first \$200,000 you speak of? A. No, sir.

By Mr. Nixon:

Q. No; on the first \$200,000; the first \$200,000 issued after the road was taken out of the hands of the receiver. A. The first mortgage bonds were \$300,000; when the change of motive power was made those were taken up and \$500,000 put on the property, and then subsequent, about after a year's effort at equipment, it was found by the parties who then controlled the property that it was necessary to obtain more money, and an authorized issue of \$200,000 second mortgage bonds was made, of which there is actually outstanding to-day \$141,000, but which is liable to be increased from \$15,000 to \$20,000 more by reason of the new moneys put into the property the last year.

Q. What was the \$141,000 bonds sold for? A. Those bonds were sold, as I understand it, at 70.

Q. Bought by the bondholders? A. Principally by the directors and first mortgage bondholders.

Q. So your road stands charged to-day with an actual bonded indebtedness of \$641,000? A. Yes, sir.

Q. How has the capital stock been kept? A. There has been no increase in the capital stock except this way; under and by virtue of the plan of reorganization there was accumulated an unpaid interest coupons on the first and second mortgage bonds and certain indebtedness for material and equipment which was put into the property, outstanding, and those coupons unpaid, and

a certain percentage of indebtedness against the property for equipment, was put in the form of an issue of preferred stock, under the sanction and approval of the Board of Railroad Commissioners.

What did that amount to? A. About \$134,000.

By Mr. Wade:

Q. At what rate per cent? A. The stock?

Q. Yes; the preferred stock? A. The preferred stock is non-accumulative; it is to pay what the road earns; not to exceed six per cent., and six per cent. is to be paid on the preferred stock before anything can be paid on the common.

Q. Is that accumulative? A. No, sir; it is non-accumulative.

Q. So if you did not earn enough to pay last year, you do not add to this year last year's dividend? A. No, sir.

Q. Of course, that must be earned before you can pay on last year? A. Yes, sir.

Q. How was that stock taken? A. That stock was taken by the bondholders for coupons, and by the General Electric Company, who had a large claim against the company at the time it went into the hands of a receiver, at about 50 cents on the dollar for their claim.

Q. The appliances they had put up in there had declined in price about that amount? A. They had declined some; I presume at least that amount.

Q. Is that the condition of your company as to its capital stock to-day? A. Yes, sir.

Q. It is what? A. About \$935,000, as I recollect it; there is \$500,000 and \$141,000, and \$150,000, and \$134,000; \$925,000 in all.

By Mr. Nixon:

Q. How many miles of road have you? A. About 23 miles.

By Mr. Wade:

Q. Have you an authorized capital stock greater than it has been issued? A. Yes, sir; the authorized preferred stock is \$150,000; about \$16,000 more than has been issued; there is

\$16,000 of the preferred stock in the treasury, which was, under the plan of reorganization, to be held there for additions, extensions and improvements.

Q. In speaking of having 23 miles of road, that embraces the leased lines? A. Yes, sir.

Q. Which you do not own? A. We do not.

Q. Have you reconstructed those? A. Every foot of them, twice, and some of it three times, and from the moneys charged against the Belt Line property.

Q. So that as a matter of fact, the property which you received as lessee, was of little value in the operation of that road? A. Entirely worthless, so far as its operation was concerned for electrical purposes; we constructed it once completely for horse purposes, and it was in very good shape for that purpose, but when the transfer of the controlling interest of the Belt Line was made by Joshua Mallor to certain New York gentlemen who were interested in the promoting of electrical roads was made we had to reconstruct the entire road over again for electric purposes.

Q. In other words, you find that a line that is fairly well constructed for horse car purposes is not feasible for electric purposes? A. I consider it utterly useless for electric cars.

Q. Did you have any scrap rail at that time? A. Every foot of track, with the exception of three miles of the suburban track, was scrap rail.

Q. You say scrap rail? A. I mean strap rail.

Q. That is a plate of iron spiked on to a stringer? A. Yes, sir.

Q. And as you say, absolutely useless for the purpose of propelling electric cars? A. That is my judgment.

Q. The traffic is much heavier? A. It will not stand electric cars; the fact is, the necessary bonding of the rail is broken by the depression of the car passing over the rail into the wood, and you lose your contact, and it is absolutely useless.

Q. And you would not consider a strap rail feasible to run an electric car on? A. No, sir.

Q. Or any rail fastened to a stringer? A. No, sir, I do not.

Q. I suppose, Mr. Boyle, if you were to construct your road new at the present time, you would find it possible to construct what you have here at a very much less price than the charge that stands against it to-day on your books? A. At some less price, yes, sir.

Q. Because you have here, supposing you own the whole line and so far as the construction goes it is the same as if you did own it? A. Yes, sir.

Q. You have 23 miles of road with \$925,000 against it? A. Yes, sir.

Q. And you would not expect to put that much money into that many miles of track with proper equipment and power plant? A. No, sir; not if we could begin at the beginning and construct in the light of those years of experience.

Q. Commencing in 1889, is it true that was the first stages of constructing car lines? A. I so understand it.

Q. Your motors that are in use to-day are of what character? A. The majority are of the type called F 30's, and some W. P. 30's.

Q. What did the F 30's cost? A. Between \$4,000 and \$5,000 a car equipment.

Q. What are they worth to-day; I do not mean that; but if you were to buy them new, could you buy such motors to-day new? A. No, sir; they are entirely gone out of use.

Q. They have ceased to manufacture them? A. Yes, that type of motor.

Q. You can buy a much better motor to-day for \$700? A. Yes, sir.

Q. And also a better motor than the W. P. 30's? A. Yes, sir.

Q. What does the "F" signify? A. I can not say that I can state.

Q. What does the "W. P." signify? A. W. P. is supposed to signify "water-proof motor."

Q. It was thought at the time that motor was made that it was essential to be made water proof? A. Yes, sir.

Q. Motors made to-day you can run right through a lake? A. Yes, sir; without very large risk of injury.

Q. You can buy a heavier and more powerful motor then that to-day for \$800? A. We are equipped with the G. E. 800 motor, which is supposed to be 25 horse-power each.

Q. What does "G. E." mean? A. General Electric 800.

Q. The 800 is the number of the motor? A. Yes, sir.

Q. That is a 25 horse-power motor? A. Yes, sir; we are now equipped with 18 of our cars with that equipment.

Q. And you find, as your knowledge of this business increases, that the cheapest construction is the best? A. The best is the cheapest.

Q. The most expensive? A. The most expensive is the best.

Q. In other words you go and lay a track to-day with street railroad rail made to-day, with T or girder rail, that outruns the ordinary life time of a man? A. Yes, sir; that construction costs more than a light rail, but it is true economy to do it.

Q. The issue of \$134,000, if that was the amount, of the preferred stock brought no money into the treasury of your company, if I understand you correctly? A. It represented the money which had already been put in at the time of the issue of the first mortgage bonds.

Q. I thought that was taken for past due coupons? A. It of course represented the earnings of the principal which was then invested.

Q. So that you acquired no capital by the issue of that stock?
A. We acquired no new money by the issuing of that stock.

By Mr. Nixon:

Q. You simply placed the obligation in another form? A. Yes, sir; more remote.

Q. And relieved yourself from embarrassment? A. Yes, sir.

By Mr. Wade:

Q. Are you earning enough now to pay operating expenses and interest on your bonds? A. Just about.

Q. And is that to your mind encouraging to your road? A. It is in this way; it is evidence to me that unless some unforeseen

disaster or cyclone of misfortunes overtake us that the property will be able, struggling as it is from the hands of a receiver so recently, but earning its operating expenses and its fixed charges, and its rental — which I regard as very large —

Q. That is, the rental? A. Yes, sir; the rental, which I regard as very large; and it gives a reasonable ground for belief that with better times and an increased business and a general catering to the public business and public needs, we will be able to weather the storm.

Q. You believe, then, that the success of your road, in one respect, depends upon its being in favor? A. Yes, sir, and a still more important item, an honest and economical management.

Q. That would naturally be essential anyway? A. I take it that is so.

Q. Mr. Boyle, supposing you had no road here to-day, and you were to prescribe the method of the plan of constructing this road, and incorporate the company for constructing the road and putting it upon a basis, upon a strictly business basis, would you advise your associates to construct the road out of the proceeds of the bonds it might be able to sell, and divide the stock as a bonus for practically no consideration, or would you advise the payment into the treasury by the stockholders of the amount of their stock? A. I would advise the construction of any new road upon the basis of cash expenditure so far as it was possible to do so; of course, in branching out in an enterprise of that character it is not always possible to sell bonds at what they are really worth on their merits, nor to persuade people who have money to invest in such properties for their real value, and hence it is, in my judgment, that many times the securities upon the surface railroads, as upon the other railroads, and upon other properties, are marketed at a price which would seem to an ordinary observer to be less than their real worth.

Q. Is it not a fact that street railway bonds to-day are looked upon with considerable suspicion? A. I am frank to say I am unable to state whether that is a fact or not.

Q. Don't you think that this issuing of a large amount of stock which represents absolutely nothing but water is conducive to just that suspicion? A. I do not think there ought to be the issuing of a large amount of stock which represents absolutely nothing in street railway projects.

Q. If you were to frame the law to-day, would you do it in such a manner as would permit the issuing of stock of a street railway for nothing? A. No, sir; I would not frame any such law; but I do not understand that as the law is to-day you can issue the stock to any amount you desire — to such amount as authorized by the commissioners.

Q. You appreciate this fact, do you not, that many places where bonds are sold at 80, an equal amount of stock is given out with each bond? A. I have heard that such things were being done; we never have done so in Utica, you know.

By Mr. Nixon:

Q. Your stock represents moneys actually paid in on your roads? A. Yes, sir.

Q. That is practically the same thing, money and earnings? A. Yes, sir.

Q. Have you ever experienced any difficulty in the sale of your bonds? A. I never had anything to do with the sale of the first mortgage bonds, and very little to do with the sales of the second.

Q. I see why it might not be embarrassing to you, for the reason that you said that the original bondholders have taken all your recent issues, practically? A. Yes, sir.

Q. You were fortunate? A. Yes, sir.

Q. That is the reason given by most of the roads in issuing bonds, the reason they gave blocks of stock that they could not get investors to buy unless they presented a bonus? A. I do not know of any bonus or any stock bonus that was presented by the Belt line since my connection, directly or indirectly with the property, that has ever been made in order to sell the bonds.

Q. What interest do your bonds draw? A. They are as an original contract, 5 per cent. bonds; under the reorganization they draw 4 per cent.

By Mr. Wade:

Q. You know this, Mr. Boyle, do you not, that it is not infrequent that people organize a railroad company, obtain a franchise, start in with the construction, and make a contract with a construction company composed of themselves, for the construction of the road, the equipment of the road, and placing it in operation for practically the stock and all the bonds? A. Yes, sir; I have heard that that was frequently done.

Q. And bonds at par represent just a nice little margin more than the entire cost of the whole shooting match? A. I have heard that has been done.

Q. Do you think it wise that the law of the State should permit that? A. I have never regarded the law, as it exists to-day, with reference to the ability of a surface road management to bond its property as consistent with common sense and good judgment; that is to say, as I understand the law, there is no limit placed upon any surface road management as to the amount of bonds it shall issue upon a street surface road; but there is a limit and condition placed with reference to the stock which I have always regarded as a peculiar situation which I have never heard satisfactorily explained; and yet I have always thought that those things to a great extent regulated themselves; here and hereabouts, so far as my knowledge and observation has extended, it is useless to issue bonds beyond what reason and common sense indicates to be worth the property, simply because you can find no market for them; but in some localities of the world that does not seem to apply, and there has been an almost unlimited issue of bonds, and particularly is this true in large cities and densely populated districts; I should think that it would be wise that some control of reasonable character should be exercised as to the amount of mortgage which should be placed upon a surface road per mile.

Q. You appreciate this fact, that a surface road per mile in some places may cost \$25,000, and in other places practically one-fifth of that? A. I appreciate this, that a surface road per mile, in its construction, with all its appurtenances and paraphernalia will cost in some places more than it will in others.

Q. There is all of that difference; I can contract to-day for the construction of an electric street railroad for \$5,000 a mile? A. Well, if you can I should build all of that kind of a road I could, if there was anyone to ride on it.

Q. Yes; but understand, that is a place where you have light construction, and a heavy "T"-rail, a short line where little or no attention need be paid to the return, or less attention; there is no paving and the ballast is simply of a very ordinary character; now, if you attempted to fix the amount per mile, you would find yourself in a good deal of difficulty? A. Yes, sir.

Q. When you began to deal with a road where the condition of things demanded a 7-inch girder or 9-inch "T"-rail, with an asphalt pavement to be paid for by the company, and in fact, the very best construction that is known in the art of constructing street railways of the present day; now, what would you say as to permitting or prohibiting, rather, the issue of bonds upon a surface street railroad except by the consent of the railway commissioners? A. Upon such property?

Q. Upon that particular property? A. I should think that there ought to be some restriction, and some limitation about it to govern by law.

Q. You know if I construct a road and issue bonds for twice its value and hawk them about the country, that it will materially affect the sale of this issue at half the value if you are in the same vicinity? A. Yes, sir.

Q. In other words, investors get to the point that they believe they can not find out just what security they are getting? A. That is so in innumerable investments, not only street railways, but an endless line of investments.

Q. True; and for that reason such a regulation as can be prescribed by law that will bring all of those things to a more substantial basis should be made? A. I think it would be a wise provision that there should be some restriction by law regulating the amount of mortgage to be placed on the street surface railroads, and I do not know but on the steam railroads as well.

Q. If it had been placed on the steam roads half a century ago it would have been better? A. I think that is so; it would be in reference to both class of properties more or less, a guarantee of the integrity of their securities.

Q. I do not suppose you have discovered that a certain construction of your road had practically no utility and took it up and put down another— A. What was that?

Q. I do not suppose you charged that off? A. No, we simply added it in as so much money expended.

Q. It went right into the construction account? A. Yes, sir.

Q. Now, in a manufacturing business, the probabilities are that you would charge that off? A. I doubt it; I think the manufacturer would have added it to the cost of his production to compensate him.

Q. Now, that is the question; you have got nothing to add; you have got something better. A. But it represents money actually expended.

Q. Of course it does. A. We have got nothing better than we ought to have had; but it simply is in the line of development of electric roads; as in the line of other development, it simply requires the expenditure of time and money to ascertain what is necessary.

Q. It involves more than that; your electrical equipment and appliances are made to-day for very much less money than they were; the art has advanced and you get a motor for about one-fifth of what you paid for yours, that is far superior to-day? A. It may be a misfortune that people have gone into change of motive power from horses to electricity five or six years ago.

Q. There is no doubt but what it was. A. No, because the public and someone has obtained the benefit of it; they have obtained the benefit of the expenditure of the money; just as an inventor after years of experiment, expends fortunes to discover the real thing needed; so it is in electricity; fortunes have been expended in demonstrating that a horse car construction is not what is needed or fitted for electric car power, and that in the construction of the motor, the F. P. motor, that in its infancy was regarded

the thing to be used, to-day, five years from that time, it is not regarded worth anything; but someone has got to discover that and develop those conditions, and someone's money has to be expended and the people whose money has been expended in that are entitled to some consideration.

Q. That may be true, but that does not lessen their misfortune; speaking of your road located— A. I think not.

Q. Others would have been demonstrating that? A. Yes, five, or six or seven years ago.

Q. So that it does, as a financial proposition, demonstrate itself that it was a misfortune to start in to develop the road in 1889, 1890 or 1891? A. It results in a large amount of money expended which to-day, in the light of development, is useless or valueless, but it, nevertheless, is actually gold dollars expended.

Q. It is gold dollars expended with nothing to show for it? A. Little or nothing.

Q. Now, since you have known your road and stock you have issued, you have issued for cash or actual obligations of the company? A. That is my understanding.

Q. And the bonds you have issued is to raise money to carry on improvements you have made and keep your road in condition? A. Yes, sir.

Q. And you are earning about \$145,000 a year? A. Yes, sir.

Q. Of which 65 per cent. is consumed in operating expenses? A. Yes, about.

Q. Do you believe you can lessen, within a few years, that percentage of operating expenses? A. Yes, sir; I believe we can.

Q. I understand, Mr Superintendent, that you pay no taxes to the city except those assessed in the usual manner; no license fees or percentage; do you pay a percentage to the city? A. No, sir.

Q. Or car license? A. Yes, sir.

Q. It is true, then, that you are taxed as the other property is assessed? A. Yes, sir.

Q. And not otherwise? A. Yes, sir.

Q. Locally? A. Yes; we were regarded more or less as warriors for making the venture.

Q. In examining your superintendent this morning I learned you have no transfer system in the city? A. No, sir; we have no transfer system here.

Q. Supposing a person wants to ride down from New York Mills, and then ride down to Yorkville, do you call it? A. New York Mills to Yorkville; the extreme upper end is two miles.

Q. Supposing I take your car this morning and want to ride to Yorkville, and then I want to go to Whitesboro, do I have to pay two fares? A. Yes; if you will permit me, in reference to the subject of transfers—

By Mr. Nixon:

Q. If you will review the transfer system just as far as your system is concerned? A. I was going to say this; you will bear in mind that we lease, that with the exception of the Blandine Street line, a short line running easterly; the South Street line, a short line; and Eagle Street, which also runs into East Utica, and which is separated by comparatively few blocks, one more southerly near the other, and running easterly from Genesee street; the Genesee Street line and Columbia Street line and Whitesboro lines are leased lines; the Belt Line Company leased those lines in the fall of 1887, for ninety-nine years, and paid a rental of \$15,000 per annum; by the charter of the Clinton and Binghamton Company, they are entitled to charge, inside of the city limits, 5 cents, and outside of the city limits, 10 cents; this rental was based on those charges, and this \$15,000 we pay every six months, in advance, was based on the knowledge of those charges, which we understood we were entitled to make and could charge when we became the holder of those leased lines, so our rentals are based on those charges to that company; the great bulk of all the travel in Utica is to and from Genesee street; the instances are not many—they are few—where people from East Utica have occasion to ride to Genesee street and take a transfer and get into West Utica; we have had no claims or requests

of any account of that character; we have been considering the question of transfers, and we find that inasmuch as the great trend of all the travel is to and from Genesee street, and there are no claims for transfers to any extent, and, in fact, practically none, we have for those reasons sold our systems of rides for 4 cents; consequently, we have carefully considered and investigated, and we are of the opinion that of every 100 passengers who patronize our roads, there will not be to exceed 5 or 6 who would have occasion to ask or require a transfer; our notion is that we can not sell at 4 cents and make a system of transfers upon a 4-cent ride; that to do so we would have to charge the full fare allowed by law, and the Clinton and Binghamton Company, to wit, 5 cents; therefore, every 95 passengers who patronize our road almost daily, they would be paying 1 cent more for their rides, while half a dozen or thereabouts would be getting a transfer for nothing; in short, we have estimated, and in consultation with the sentiment of the community, are of the opinion that we are giving the greater number the greater benefit by selling our rides at 4 cents than by making them 5 cents for the purpose of benefiting the few who would require a transfer.

By Mr. Nixon:

Q. You think the situation in your city is such that the reduction in price of the transfer is a greater benefit to a larger number than a transfer system? A. Yes, sir.

Q. Genesee street being the center of population, business, and everything else? A. Yes, sir.

By Mr. Wade:

Q. You do not regard the 4-cent fare in any sense as a reduction of your receipts, do you? A. I regard that we could not afford to carry people for less than 4 cents.

Q. Here is a point you must take into consideration; you do not sell less than six tickets at a time in that way? A. Oh, yes; there are places all over the city where our tickets are sold at the leading stores.

Q. One ticket? A. Yes, sir.

Q. For 4 cents? A. Yes, sir; any quantity of places all over the city where you can purchase tickets at 4 cents.

Q. Just one ticket? A. Yes, sir; one ticket at 4 cents.

By Mr. Nixon:

Q. Do you mean you have your tickets where you can go to the office and buy them for 4 cents each? A. For instance, we have tickets on sale at a number of places throughout the city; several places on Genesee street, and several places in the suburban towns, and several places in the outlying districts of the city, and they can go there and buy a single ticket at 4 cents.

Q. Is that by your authority? A. Yes, sir.

By Mr. Wade:

Q. How do you authorize the sale of a ticket to me at 4 cents and another man for 5 cents? A. I do not do any such thing.

Q. If I get on the car I pay 5 cents? A. We make it convenient for you to get tickets.

Q. It is more convenient for me to get on the car? A. The daily patrons of our road find no inconvenience in the numerous places we have tickets for sale, in going to and from their homes, in getting 25 cents, 50 cents or \$1 worth at a time.

Q. Exactly; where you sell 50 cents' worth or \$1 at a time, it is the history of all roads that you increase the traffic? A. I am not entirely sure about that; I am inclined to think it is so.

Q. I do not see how you can authorize the sale of a single ride in one place at 4 cents, an unconditional and unlimited ticket in one place, and 5 in another? A. We do not; for instance, at the office; we sell our tickets at 4 cents, all of them, at our own office; for instance, Wescott & Co., on Genesee street; McMillan Drug Store, on Genesee street, come to our place and buy from \$25 to \$50 worth of tickets; they sell the tickets, one to a person, at 4 cents apiece; they sell them at 4 cents apiece, and for the accommodation of the public, we sell the tickets in that way.

Q. You know it is often thought, and experience in this business demonstrates it, that often times a person with a ticket in

his pocket will get on a car and ride, when he will walk if he pays cash; no matter if the difference is only a cent, he will do so, and I suppose that the object in the reduction of fare from 5 to 4 cents was by the sale of a quantity of tickets to an individual? A. Our principal object in the reduction of the fare is to give the lowest rate to the daily patrons of our road that we can afford to give them; that is our object in the sale of tickets; recently the Bleecker Street road abandoned the sale of tickets on the ground that they could not afford to sell them, and raised their fare to 5 cents.

Q. How did it affect their receipts? A. I do not know; I do not know of any road in the State of New York that sells tickets in that way, or that the patrons of the road can obtain tickets at 4 cents a ride.

Q. I do. A. I do not.

Q. Less than that. A. That may be, but not in a town of 44,000 people.

Q. Twenty-five thousand? A. I do not know about that.

Q. I will tell you; they used to have those tickets on sale on the cars at Jamestown, practically 4 cents each, but you could not buy one ticket at a time. A. That is what I say; you can not buy in any city in the State of New York, except Utica, and except over the Belt Line road, for 4 cents.

Q. That is so; I do not know about that. A. In other words, we simply give to the people who want to save a cent for a ride, we give them the cheapest ride we can afford to give them.

Q. But you actually impose a penalty of a cent on every person who pays you a cash fare because I understand there are different places you can step in and buy tickets at 4 cents. A. Yes, sir; they can do that; predicating our charges upon the rental, we are now charging less for our fares than our rental will admit we should.

Q. You have a low fare and a high rental? A. Yes, sir.

Q. You believe this road can be made to get on a paying basis, capitalized and bonded the way it is? A. I do.

Q. And eventually a successful enterprise? A. I do.

Q. But it involves a close, careful business management all the while, and whatever stimulants can be given to the people to patronize it? A. Yes; that is the state of it very tersely put.

Q. Have you ever given the subject of municipal ownership any considerable study or thought? A. Some; not a great deal.

Q. What do you think this road would do, turned over to your common council to operate? A. I think it would go into bankruptcy in a short time, and the poor taxpayers would have to make up the deficiency of the operating expenses.

Q. Then you do not believe in paying the running expenses by a tax on the taxable property and letting everyone ride free? A. I do not; I furthermore believe that it would be a direct addition to the indebtedness of the city.

Q. Supposing your road were earning enough here so you could afford to pay to the city 3 per cent. of your gross receipts besides complying with the law in other respects in taking care of the streets and otherwise, would you deem it advisable to have the city exact that percentage rather than have you make a reduction of fare? A. I do not think I should.

Q. You believe a more substantial benefit would come from a reduction of fare? A. I believe if this property ever got into the shape you suggest that the people at large would derive a greater benefit by a reduction of fares than by a direct tax paid to the city.

Q. You think it would be more benefit to your city? A. Yes, sir.

Q. In other words, supposing the earnings of your road were such that with a 3 per cent. fare you could pay a fat dividend on your stock and operating expenses, and all fixed charges, and keep a surplus on hand, do you think it would be more beneficial to put the fare at 3 cents than to pay 2 per cent. and put it into the city treasury? A. Yes, sir.

Q. You believe that such a policy should be adopted as would transport the people to and from their business at the lowest practicable rate? A. So that the road could meet its obligations.

Q. It would not be practicable unless it could do that? A. Yes; I do.

Recess subject to the call of the chair.

The committee convened at the parlors of the Metropole Hotel, New York city, on Monday, November 25, 1895, at 10 a. m.

Edward A. Maher, called and sworn, testified:

By Mr. Wade:

Q. Mr. Maher, where do you reside? A. No. 7 West Mount Morris avenue.

Q. What is your business? A. President of the Union Railway Company.

Q. And that is the road that has sometimes been referred to as the Huckleberry road? A. It is; yes, sir.

Q. How long have you held that position? A. About nearly three and one-half years.

Q. Since when? A. Since July 5, 1892.

Q. When was the company organized? A. On that day.

Q. So you have been its president since the date of its organization? A. I have.

Q. And have you been actively engaged in the operation of the road? A. I have.

Q. And you are familiar with all its operations and transactions? A. Yes, sir; since that time.

Q. You could not have had any prior to its organization? A. I did not.

Q. How was the company organized? A. It was organized by an act of the Legislature and by the consolidation of three other companies.

Q. What other companies went into and became a part of the Union Railway Company? A. The Harlem Bridge and Morrisana and Fordham Railway Company, the Melrose and Morrisana Railway Company and the North Third Avenue and Fleetwood Park.

Q. Those companies were consolidated into the Union Railway Company by a special act of the Legislature? A. Yes, sir.

Q. Passed in 1892? A. Yes, sir.

Q. And the act took effect when? A. I could not say as to that; it is within the legal time after it became a law.

Mr. Sheehan.—About April 20, 1892; chapter 340 of the Laws of 1892.

Q. And the organization was not perfected until July, 1893? A. Until July, 1892.

Q. I understood you July, 1893? A. No, sir; July, 1892.

Q. Now, at the time of the organization of this company, were cars being operated over the three lines that were consolidated into this one? A. I think not; I think they were only operating on the Harlem Bridge and Morrisana.

Q. How were they operated? A. By horses.

Q. What was the length of road of the Harlem Bridge Company? A. My recollection is that it was about 18 miles of track.

Q. Eighteen miles of single track? A. Yes, sir; there was about 18 miles of single track.

Q. And you have changed that road into an electric road? A. Yes, sir.

Q. And also such of the others as were being operated at that time? A. Yes, sir.

Q. If any? A. Yes, sir; we changed all that there was about that time.

Q. Have you extended the road at all since the organization of your company? A. Yes, sir; one.

Q. Over what streets? A. We have built a line on Willis avenue, Melrose avenue, One Hundred and Sixty-first street and One Hundred and Thirty-fifth street.

Q. About what length of track have you built on Willis avenue? A. Willis avenue, sir, is about, I should say, 4,000 feet in length; we have a double track on that, which would be 8,000 feet of single track; I want to add North Broadway to the line we built.

Q. How much on Melrose avenue? A. I should say that was about the same distance.

Q. One Hundred and Sixty-first street? A. I regard that about a mile.

Q. And One Hundred and Thirty-fifth street? A. One Hundred and Thirty-fifth street is a mile of single track; half a mile of double track.

Q. One Hundred and Sixty-first street, is that a mile of single track? A. No, sir; that is double track, principally; altogether the distance is about a mile; the greater part of the distance is double track; on this side of the street is narrow and we have a single track.

Q. Then you have practically two miles of single track on that street? A. Yes, sir.

Q. And North Broadway, did your company construct the road over that? A. Yes, sir.

Q. How much? A. That is $2\frac{1}{2}$ miles of double track, 5 miles of single track; I want to say, in addition, that we extended our Westchester line about half a mile of single track.

Q. About a mile? A. About half a mile of single track.

Q. And you have, all told now, about how much trackage? A. I should say in the neighborhood of 30 miles.

Mr. Nixon:

Q. Does that include your own trackage and what you lease, or simply your own trackage? A. Our own trackage.

By Mr. Wade:

Q. Are the streets paved over which your lines extend? A. Partially paved, all of them; some of them entirely paved.

Q. Take One Hundred and Sixty-first street? A. One Hundred and Sixty-first street is only partially paved.

Q. About how much of it? A. I should think about three-fourths of it.

Q. And One Hundred and Thirty-fifth street? A. One Hundred and Thirty-fifth street; One Hundred and Thirty-fifth street is entirely paved.

Q. How is Willis avenue? A. Willis avenue is paved entirely.

Q. Melrose avenue? A. Melrose avenue is not paved; they are just about to pave it now.

Q. North Broadway? A. That is not paved.

Q. Westchester avenue? A. Westchester avenue is partially paved; paved up as far as our double track goes; I should say three-fourths of the street is paved.

Q. Are the streets over which the old lines were built, paved? A. In part; Third avenue partially paved.

Q. Can you tell about how much in New York, of the streets over which your lines run are paved? A. As near as I could get at it, taking them altogether, that three-fourths of the entire line are paved.

Q. Does your company do any of the paving? A. It does not.

Q. Is it charged with the maintenance of the streets? A. After they are paved.

Q. Yes? A. Yes, sir.

Q. But not with the paving? A. Not with the original paving.

Q. Has your company expended any money up to the present time in repairs of the streets? A. Oh, yes.

Q. Of any considerable amount? A. Yes, sir, considerable.

Q. What were the nature of the repairs? A. They have frequently put in some on the streets, and we have been compelled to take our tracks out and put them back in the streets; we would have to relay the pavement that was already there two feet outside of the track; in some instances we have been obliged after laying our tracks, to take up the entire pavement, because of the condition of the streets, and putting in of the tracks and putting in grades; on One Hundred and Sixty-first street we were compelled there to relay our track the greatest part of the pavement from curb to curb the greatest part of the distance.

Q. Was that because of changes made by your company in the street when it came to lay its track? A. Not necessarily; because in some respects the grade was not as it intended to be.

Q. Why was your railroad compelled to take care of the entire street at this locality? A. The point that was made in repaving One Hundred and Sixty-first street by the department was, that

that pavement had not yet been confirmed, and that in order to make a perfect job of it it was thought necessary on our part in laying the tracks there to lay the whole pavement, and to raise the pavement on each side, which we did; all that pavement was taken up and laid part of the distance from curb to curb.

Q. You bore the entire expense of it? A. Yes, sir.

Q. Do those various lines form one continuous line? A. No, sir; they are connected; but we do not make a circle of it.

Q. With what other road or roads do you connect? A. They connect with the Southern Boulevard.

Q. Between what points does that run? A. That runs from the Harlen bridge across the river at One Hundred and Thirty-fifth street along the Southern boulevard until its intersection with Boston avenue.

Q. Will you give me the name of that company again? A. The Southern Boulevard Company.

Q. What is the length of that road? A. It is about four and one-half miles.

Q. Has it any other connection at One Hundred and Thirty-second street excepting the connection with your road? A. It has not.

Q. And with what road does it connect at the other end? A. It connects with what we call our West Farms Division; the West Farms Division runs to the intersection with Boston avenue and along Boston avenue to the old city line.

Q. What is the corporate name of that company? Q. It is simply a division of the Union Railway Company.

Q. Is that connection with your other lines, with any other except with the Southern Boulevard Company? A. Yes; it intersects our Third avenue line at the corner of Third avenue with Boston avenue

Q. Who was the president of the Southern Boulevard Company? A. John W. McNamara.

Q. And is he personally engaged in the operation of the road? A. No, sir.

Q. Who is the active man connected with that road? A. I am.

Q. What official position do you hold there? A. Not any.

Q. Are you an officer of that company? A. No, sir.

Q. Are you a lessee? A. Yes, sir; we have leased the line of the Southern Boulevard Company.

Q. When was that lease made? A. A formal lease has not yet been entered into; that road has only been in operation a very short time.

Q. When was it incorporated? A. I think in 1886; I am not entirely familiar with the original incorporation of that road.

Q. Some years ago? A. Yes, sir.

Q. And has just built its line? A. It has just rebuilt its line.

Q. That is, electrified the road? A. Yes, sir.

Q. Prior to that it was run by horse-power? A. It had never been operated; it has been built; but the Southern Boulevard, it appears, that the fee in the street belonged to the property owners and it was necessary in order for the Southern Boulevard Company to build that line, to have the consent of all the property owners; it had the consent of the great majority, but some few brought suit and enjoined it; it had subsequently laid all its track, but not operated when this suit had been begun; that litigation was finally adjudicated a short time ago; then new consents were taken covering the entire property, and about all substantially were received.

Q. So that it has now perfected its right in the street? A. Yes, sir.

Q. Did it take up the old track and relay it? A. Yes, sir; the old tracks were originally laid for horse car tracks; they have been substantially replaced by 90-pound 9-inch girder rails.

Q. It is now operated by your company? A. Yes.

Q. You say a formal lease has not been entered into? A. No, sir.

Q. Are arrangements substantially agreed on? A. The parties was to have things in such shape so each company would know something of its value; with the exception of the part on this end, it is through an open country, a few houses, and the business of the company is not great yet; until both companies had some idea

of the value of the road the question was left open and simply an understanding had between the presidents of the two companies that we should furnish cars and power until such time as a formal lease could be entered into.

Q. Who had charge of the operation for the road? A. The Southern Boulevard Company.

Q. You had nothing to do with that? A. Yes, in a general way.

Q. Who furnished the money? A. The Southern Boulevard Railroad Company.

Q. So your company has no actual investment in that line? A. Not any at all.

Q. Are you a stockholder in the Southern Boulevard Railway Company? A. I am, yes, sir.

Q. Has there been any arrangements between the two companies as to the amount of rental that should be paid during the time you were operating it until you could ascertain what it was worth? A. No, sir; we simply did keep an account of the expenses of operation and the expenses of the operation so far have been paid out of the receipts of the Southern Boulevard Company; those are kept separate from the receipts of the Union Railway Company, and are paid out by the president and secretary of the Southern Boulevard Company.

Q. Do you run your cars from your other lines over that road? A. In order to accommodate a part of the traffic arrangement, the agreement with property owners was we should transfer onto our lines on either end, or else should carry the passengers onto our lines on One Hundred and Twenty-ninth street or onto our lines at the terminus of the West Farms, and that we do.

Q. Does that road form a continuation of any one of your lines? A. It is connected at each end.

Q. I understand that; but it does not form a continuation of one of your lines? A. No, sir.

Q. It is a cross road between the two? A. I can describe it perhaps quicker than I can explain it.

Q. If you will.

(The witness draws a diagram on a sheet of paper and hands it to counsel.)

Q. You spoke about issuing transfers; a passenger coming onto your line and riding until he strikes the Southern Boulevard road, if he desires to take a car over that road do you give him a transfer? A. Instead of giving him a transfer we simply carry the cars to the end of that line.

Q. Supposing you have got a car running from One Hundred and Twenty-ninth street over onto Lincoln avenue, and the passenger wants to go onto the Southern Boulevard, do you give him a transfer? A. No, sir; we do not.

Q. He has to pay another fare? A. No, sir; they run also from One Hundred and Twenty-ninth street around there.

Q. I see now; what is there on this Southern Boulevard; is it a business street or a residence street? A. It is mostly a business street, that part of it that is built up.

Q. That portion built up is mostly devoted to business uses? A. Yes, sir.

Q. Adjacent to it is that section of the city pretty well built up? A. No, sir; it is not; on the contrary, it is very poorly built up.

Q. If I understood you correctly, the receipts from that Southern boulevard have paid all its operating expenses so far? A. The receipts from the Southern Boulevard Company; we have had receipts about, I should say, two and a half or three months in operation, is all.

Q. About what are they? A. The receipts are about \$80 a day.

Q. And its operating expenses, not figuring power; you furnished that? A. We furnished the power; the question of the cost of those things has not yet been determined.

Q. But the balance of the expenses? A. Whatever is left over pay the actual operation of the road, that is, the conductors and motormen and the men on there; we have to have a flagman there; all those expenses are paid out of the receipts.

Q. How much are those expenses per day; that, of course, eliminates the expense of power? A. They do not amount to a great deal; they are simply a question of conductors and motormen;

we have four cars and eight men; the men get about \$2 a day, substantially, each.

Q. About \$16, and then you have your flagman? A. Yes; we pay one-half that expense and the Central railroad the other.

Q. Is the grade of that street practically level? A. The lay of the street at present is practically level, but it is the intention of the department that certain portions of the street shall be raised, the grade, and some portions of the present grade will be raised at least three and a half or four feet.

Q. That will not make any serious grade for the track? A. No; but it will make expense to the company.

Q. What is the usual charge for furnishing electric power? A. That depends somewhat on conditions.

Q. Assuming that you have got as good grade as you have here, or if you furnish by the horse power it does not make any difference? A. No, sir; not particularly; of course, different companies have different ideas of the cost of horse power; the cost of horse power has varied anywhere from \$45 to \$125 a year; I think a medium between those two would be a fair valuation of the cost of producing horse power.

Q. Do you know of places where roads buy their power in that manner? A. I do not; no, sir.

Q. I think you said you operate four cars over that line? A. Yes, sir; on a 15-minute headway.

Q. That is four cars an hour? A. Yes, sir.

Q. The length of it is what? A. The length of it is about, that is, from end to end, I should say it is pretty close to four and a half miles.

Q. Are you limited in your speed on that line? A. I do not know as we are.

Q. Is there any ordinance? A. I do not know, except there is some general ordinances.

Q. How do you consume an hour in making that trip? A. We do not quite; we consume about twenty-five minutes, and then we wait a few minutes at each end; then we take into consideration the fact the bridge is a temporary bridge, which is open for any

little tug that comes through, frequently delaying us there from ten to forty minutes; we are absolutely unable to make any schedule time at all; we try to, but it is absolutely impossible to do it because of the conditions prevailing over the Harlem river.

Q. Has that company now constructed a road over all of the franchise which it has been given? A. The Southern Boulevard Company?

Q. Yes. A. Yes, sir; it has.

Q. So that all it has had in contemplation is completed? A. Yes, sir.

Q. It has no power? A. No, sir.

Q. Does it own any cars? A. It does not.

Q. It has simply got the franchise of the track? A. Yes, sir.

Q. What is the character of the rail on that roads? A. Nine-inch girder rail of most recent construction, ties two and a half feet apart, overhead construction with iron poles.

Q. What is the capital stock of that road? A. Two hundred and fifty thousand dollars.

Q. Two hundred and fifty thousand dollars? A. Yes, sir.

Q. What is the amount of its bonded indebtedness? A. Two hundred and fifty thousand dollars.

Q. This is the Southern Boulevard? A. Yes, sir.

Q. When were those bonds issued? A. The secretary and treasurer can tell you; he says July 1, 1895; the 1st of last July.

Q. Do you know the price at which they were sold if they have been sold? A. Yes, sir; 92½.

Q. So that the company realized on the sale of its bonds \$231,000, or a little better? A. If that is the multiplication.

Q. They are secured by what? A. They are secured by a mortgage on the road and guaranteed by the Union Railway Company.

Q. Why did the Union Railway Company guarantee those bonds? A. With the expectation that they would operate the road, and that is the purpose of it.

Q. Of course, it had to make that guarantee before the bonds were negotiated? A. Yes.

Q. And at that time you had no arrangement, that is, no completed arrangement for acquiring possession of the road? A. Not any; no, sir.

Q. Are the owners of it substantially the same as the owners of the Union? A. The owners of it are interested in the Union Railway Company; yes, sir.

Q. Sufficient to control? A. I should judge so.

Q. So your company did not run the risk of the arrangement falling through after having pledged \$250,000 of bonds? A. Our company thought that that investment would not only protect the interest of the bonds but would be a source of profit.

Q. What was done by that company with the \$231,230? A. It built the road and paid some of its debts and it still has a balance.

Q. Do you know what indebtedness the company had at the time the company issued and negotiated these bonds in July last? A. I do not.

Q. Or the amount of it? A. I do not.

Q. Of course that road would not cost \$250,000? A. No.

Q. Or \$200,000? A. No.

Q. Did any stock go with the bonds as they were negotiated? A. Not any; no, sir.

Q. About what did that four miles of road cost, Mr. Maher? A. I can not tell you what its complete cost will be, because it is not entirely finished.

Q. Assuming that nothing had been done and the road was constructed in the summer of 1895, and nothing had been done prior to that time, what would it cost you to complete it? A. To complete it?

Q. To complete it. A. I should say it would cost to complete a line of that character about \$21,000 a mile.

Q. Do you mean a single track? A. No, sir; double track; you said four miles?

Q. Yes, sir; I did. A. That would be about \$84,000 to \$95,000.

Q. Yes; that would be about \$10,500 a mile of single track? A. We figure that from \$10,500 to \$11,000 a mile; single track.

Q. That is an outside figure, too, is it not? A. I do not think it is; that is, with that class of construction; there is construction —

Q. Yes; I understand you used 90-pound girder rails? A. Yes, sir; and iron poles, 500 circular mill cable, which costs about \$5,000 a mile; more now; that was based on a price of 10 cents a pound, and it weighs close to 10,000 to the mile; copper is very much higher than that now; 14 to 15 cents; rails are higher now; higher than six months ago.

Q. What does that rail cost a mile of single track? A. About \$1 a foot; about \$5,000 a mile, substantially.

Q. About \$5,200 a mile? A. Yes, sir.

Q. These trolley poles, what are they, round? A. No, sir; we use the lattice pole.

Q. What do they cost? A. About \$15.17 apiece.

Q. About how many to the mile? A. About 100 to 110; you understand me, on both sides of the street, about 50 on each side of the street.

Q. There is no side line construction on this? A. Not there, at all.

Q. That is about \$84,000? A. Yes, sir.

Q. What amount of this money has this road on hand; do you know? A. I can not tell you.

Q. Can you approximate it? A. I have not any idea at all.

Q. Do you know how any of the money was used by the company outside of that used in the reconstruction of the road? A. There was some of it that was paid, I think, to settle up legal difficulties.

Q. Old matters hanging on there? A. Yes, sir.

Q. What did the company realize from its capital stock, if anything? A. There has none of the stock been sold.

Q. Has any of it been issued? A. Some little has been issued.

Q. How much? A. I do not really know how much.

Q. Has it been subscribed for? A. It has been subscribed for some of it.

Q. Do you know about the amount that has been issued? A. No; I do not.

Q. Do you know what was paid, if anything, for that which was issued? A. I do not.

Q. I think you told me that you were one of the stockholders?
A. I think I have a share or two.

Q. That is simply nominal? A. Yes, sir.

Q. Who were the promoters of the scheme? A. The original stockholders of the Southern Boulevard Company were people in New York; I have forgotten who the first president was; a gentleman by the name of Cheeseboro was the first president, and a number of people who were interested in real estate up there.

Q. Was this capital stock increased at all when you came down to rebuild it? A. I am sure I do not know; I am not at all familiar with the original properties of the Southern Boulevard Company; Mr. Olcott can tell you about that.

Q. In your own company you have about 30 miles of single track? A. I should say about 30 miles.

Q. You have been increasing it some in the past year? A. Yes; considerably.

Q. That road, how much of it is of the 90-pound girder rail? A. Perhaps one-third of it.

Q. And the balance of it is what character? A. Seventy-pound girder.

Q. All girder, is it? A. Yes; all girder rail.

Q. Simply a lighter rail? A. It was the rail that was the heaviest rail that was used by electric roads at the time this rail was put in there.

Q. This 90-pound rail is of very recent construction? A. Yes, sir.

Q. And made on purpose to meet the requirements of paved streets? A. Exactly.

Q. How does the construction of that road compare with this Southern Boulevard Company? A. There won't be a great deal of difference in the cost between the construction of 70-pound rail and 90-pound rail through paved streets, for the reason that you simply lay a 90-pound rail upon ties; in order to lay a 70-pound six-inch rail, which is the difference between them, one weighing

70 and the other 90, they are obliged to put those smaller rails on stringers, which makes the cost of construction almost as large as the difference between the 70 and 90.

Q. And you have not as good a road when you get it done? A. No, sir, you have not.

Q. You think, then, so far as the streets are paved on your line, the cost is approximately what it was on the Boulevard? A. It was considerable more, because at the time those roads were built everything pertaining to electric appliances was very much dearer.

Q. Yes, but if constructed — A. If the conditions were exactly the same in the summer of 1895, I should say the cost of building the 70-pound girder rail on stringers would almost equal the building of 90-pound girder rail on ties.

Q. You commenced rebuilding this road since July, 1893, since the first of July, 1893? A. No, sir; it was built before that.

Q. I am speaking of the Union Railroad Company now? A. Yes.

Q. It was run by horse-power, all that was run up to the organization of your company? A. Yes, sir.

Q. Did you take up the entire track? A. All with the exception of two streets at that time, which were constructed afterwards.

Q. So that now it has all been rebuilt? A. Yes; on our Westchester avenue, which is a poor line, they had a rail there that they concluded to let stay a short time.

Q. I presume the act of the Legislature makes provision, but how did you retire the stock of these three or four old companies at the time of the organization of your company; they became merged, as I understand? A. Yes.

Q. Into your company? A. Yes.

Q. That necessitated retiring the stock, if any, of the old companies? A. Yes.

Mr. Sheehan.— I will give you a copy of the consolidated agreement, which sets up the whole thing.

Mr. Wade.— All right.

Mr. Sheehan.— It is a compilation of all the statutes in relation to this railroad company, and all the agreements that they have entered into at different times, particularly this consolidation; that covers the whole of it.

Mr. Wade.— Yes; I find it right here.

Mr. Sheehan.— I will leave that with you.

Mr. Wade.— All right.

Q. Now, about that consolidation agreement; the capital stock of the Melrose and West Morrisana Railway Company of the Third Avenue and Fleetwood Park Railway Company was convertible into the stock of the new company, dollar for dollar? A. I so understand it.

Q. And of the Harlem Bridge, Morrisana and Fordham Railway Company, they received \$2.2337 for \$1? A. Yes, sir.

Q. The capital stock of the Union City Railway is what? A. Two million dollars.

Q. All issued? A. All issued, yes, sir.

Q. By the terms of this consolidation agreement I see that you used \$1,187,500, or thereabouts, of that stock, in exchange for the stock of the old companies; that left in round numbers about \$800,000 of the stock of the new company to be disposed of; do you know how it was disposed of? A. I can not tell you that, sir, except that it was sold; I do not know just how.

Q. At what price? A. That I can not answer.

Q. Did the company actually receive anything? A. Which company?

Q. Your company, for that stock, or was it put out in connection with floating its bonds? A. Not that I am aware of; the financial part of this I know very little about.

Q. Who is the man? A. Mr. Olcott.

Q. He will know all about it; very well? A. He was connected with the old road for a long time.

Q. But this comes up to your road of which you are president? A. Yes; but he has the financial department; I simply look after the road, but have nothing to do with the financial management; I have charge of the operation of the road.

Mr. Sheehan.— All of these financial details had been worked out before he became connected with the road.

Q. Are you a stockholder in either of the old roads? A. No, sir.

Q. And you became a stockholder of the new company? A. Yes.

Q. To what extent? A. The number of shares?

Q. Yes? A. I have about 150 shares.

Q. Fifteen thousand dollars; had you ever been engaged in the railroad business prior to the time you became president of this road? A. I never had.

Q. And the operation of this road now is your business? A. The operation of it now is my business.

Q. Are you engaged in any other business? A. No, sir; I devote all my attention to that business, and I find it takes all my time.

Q. You are operating about how many cars? A. We are operating now about 65 cars.

Q. How many cars has the company? A. One hundred and twenty-five; a large portion are open cars used in the summer.

Q. Are they all motor cars? A. Yes; they are all motor cars.

Q. You take those motors out in the fall and put them under your winter cars? A. No, sir; we do not; we equip all the cars; we do not think there is any economy in that.

Q. When did you first commence operating this road by electricity? A. I think, sir, the first car was run over the Third Avenue line about the 1st day of October, 1892; about the 20th of September, Mr. Olcott tells me.

Q. You commenced operating all the lines by electricity the 1st of October; you did not build them all between the 1st of July and the 1st of October? A. No, sir.

Q. But you began running over the old tracks and found them unsuited? A. Entirely so.

Q. What are the daily operating expenses of your road? A. I should say now our operating expenses are about \$700 a day.

Q. Does that include all fixed charges? A. No, sir; I am simply speaking of operating expenses.

Q. Does that include salaries? A. Yes.

Q. And pay-rolls and supplies and bills? A. Yes; everything pertaining to it.

Q. Repairs? A. Yes.

Q. Everything except interest? A. Yes, sir; everything but interest and taxes and insurance.

Q. About what are your gross earnings per day? A. About \$1,200.

Q. Does that increase or diminish in the summer season? A. Increases.

Q. When you give \$1,200, is that the present time? A. That is based upon the present earnings.

Q. About what are the average per year? A. Actually our operating expenses last year were about 55, between 55 and 56 per cent. of our gross receipts.

Q. Fifty-five or fifty-six? A. Yes, sir; that is my recollection.

Q. That is a very good showing? A. Yes; that shows pretty well.

Q. Far better than the majority? A. Some do a great deal better and some not quite so well.

Q. Do you pay anything to the city except the taxes that are imposed? A. That is all.

Q. Your fare is what? A. Five cents.

Q. And that entitles a person to ride over all your lines? A. Yes, sir; it does now.

Q. You have a transfer system? A. Yes, sir.

Q. So that 5 cents will take a person from any point on the line of your road to any other point? A. With the exception of one line; we have not yet introduced the transfer from the Fordham line to our Boston Avenue line, but on all the other lines we have introduced the transfers; Mr. Wade, I want to say, at the suggestion of counsel, while we do not pay anything to the city, that we are obliged to pay, after our receipts get to be \$1,700 a day, we pay 1 per cent. to the city; that is by virtue of the act.

Q. That point you have not reached yet. A. I am sorry to say we have not; that is when it averages \$1,700 for six months.

Q. Supposing it would reach the average from the 1st of May to the 1st of December, of \$1,700, you would be compelled to pay 1 per cent. during that time, and then if it fell below, what then?

A. If we ever begin to pay we will have to continue to pay, if once our receipts average \$1,700 a day, and on every additional \$1,700 we pay 1 per cent.; if it gets to be \$3,400 we pay 2 per cent.

Q. I should think you would be anxious to have it reach that point; about what do your cars cost you? A. The cars have cost—they are considerably cheaper than three or four years ago, you know.

Q. Yes, sir. A. Do you mean the entire equipment when you speak of a car?

Q. Yes. A. I should say now the entire equipment would cost about \$1,800.

Q. That is the motor and the car and the trucks? A. Yes, sir.

Q. And the wiring; they are wired when you buy them? A. That is included as part of the contract for the car bodies.

Q. But in 1892 they cost more money than that? A. In 1892 the electric equipment of a line cost almost double what the whole entire outfit would cost now.

Q. Do you know how many motors you purchased in the year 1892; that is, about how many? A. I think, sir, that the equipment were purchased for sixty cars in that year.

Q. What motor did you purchase? A. Two kinds were used; a portion of the equipment was the equipment of the General Electric Company; W. P. 30's equipment, and the Westinghouse; Westinghouse No. 3.

Q. Are you using a portion of them still? A. No, sir; we use the Westinghouse and abandoned the W. P. 30's; those have gone into the scrap iron.

Q. The others would if you should take them out? A. Yes, sir.

Q. You buy to-day a better motor than they ever were for \$800? A. Yes, sir.

Q. That you then paid \$4,000 for? A. About \$4,000.

Q. Of course, the depreciation in that price has left your construction account very much higher than the value of the material to-day? A. Decidedly so; yes, sir.

Q. What motor do you use now? A. G. E. 800.

Q. They cost you about \$800? A. Not quite as much as that.

Q. They do not cost that? A. No.

Q. They are a better motor than the others were? A. Decidedly; yes, sir.

Q. In other words, those old motors that you are using to-day, if you take them out they are worth just what they will bring as old iron? A. Yes; I would not give anything except for the wire at 10 cents a pound, and the old iron is about a cent a pound.

Q. Are your cars all uniform cars? A. Yes.

Q. Vestibule? A. No, sir.

Q. What size? A. Eighteen feet inside.

Q. And your open cars? A. Our open cars are some of them 28½ and some 26 feet.

Q. Have you ever used any vestibule car? A. We never have.

Q. What is the amount of bonds that your company has issued?
A. The Union Railway Company?

Q. Yes. A. Two million dollars.

Q. At what price were they sold; did they either of them have any bonded indebtedness? A. That I do not know; I do not know anything about that; the other gentlemen can give you that information.

Q. What are your bonds; 5 per cent.? A. Five.

Q. All first mortgage bonds? A. Yes.

Q. Gold bonds? A. Gold bonds, 50 years.

Q. About what are the amount of your taxes? A. Our taxes have varied; some years we have paid, I think, in the neighborhood of \$40,000; our taxes have been \$40,000 some years, haven't they; do you mean all together?

Q. Yes; the taxes for the year; that includes your three or four taxes you pay the State? A. Will you let Mr. Olcott answer that intelligently?

Q. Yes. A. I remember one year the taxes were \$50,000.

By Mr. Gleason:

Q. The State taxes? A. The different taxes; Mr. Wade, he says he thinks to average it up as well as he can, he thinks our taxes will be between \$15,000 and \$20,000 a year.

By Mr. Wade:

Q. All told? A. Yes.

Q. The dividend and capital stock tax? A. Yes, and tax on our personal property which covers our tracks and overhead construction and cars.

Q. There is nothing in this act exempting you from taxes that such corporations ordinarily pay, except the paving tax? A. That is all, and that only applies to the original paving; after the pavements are laid we must keep them in repair.

By Mr. Nixon:

Q. Your charter states that? A. Yes.

Mr. Sheehan.—The reason that was put in the act was because this road was to be built through a sparsely settled community. The Legislature thought this company should be put on the same basis as other companies that operate through unpaved streets. When the general railroad act was passed, street railroads were operated on paved streets, generally. The exceptions were few where they were not.

A. There is a thing I might say right here; while we have been relieved from the paving through the tracks, through the thinly-built up sections which we operate, the improvement of the property has been very much greater than the cost has been to the people who had to pay for the construction of the pavement.

Q. Have you figured out what your net earnings are? A. Our operating expenses are about 55 per cent., and with our fixed charges for the past year brought it up to how much last year, Mr. Olcott; our net earnings have been about 4 per cent. upon our capital after paying fixed charges and taxes.

Q. Take you entire road, equipment, rolling stock and everything, and building it to-day you could not very well get \$2,000,000 into it, could you? A. Of course it would cost us less to build it

to-day than it did at that time; that applies particularly to the difference in the cost of electrical appliances.

Q. I know that, but the stock of the old companies was entirely taken care of by the stock of the new? A. That is as I understand it.

Q. Now, I have not yet learned what bonded indebtedness of the old companies there was? A. I could not tell you that.

Q. I do not see any way you could expend \$2,000,000 in the construction of this road in equipping it and putting in the plant. A. In other words, what you mean is, if we were to build an absolutely new road, without any regard to the value of the franchises of the old road; I should say a road of this character might be built if it was simply going into a new territory, perhaps could be built at the present prices, for less.

Q. You have 30 miles of track here that can be built complete for \$300,000, and even less than that. A. I do not think you could safely put it at less than \$10,000 a mile.

Q. Some of it has a cheaper rail? A. Not cheaper when completed.

Q. All right; that is a fair cost of the road, then, according to your figures, \$300,000? A. That, I say, is a low estimate.

Q. I will put it at \$400,000. A. Four hundred thousand dollars would be nearer to it.

Q. That would be a very high estimate? A. I think between \$11,000 and \$12,000 a mile it would cost to build it.

Q. Then you have how many cars? A. One hundred and twenty-five.

Q. One hundred and twenty-five cars, and put those cars at a cost of \$500,000 would be a very high figure, wouldn't it? A. It would be a high figure to-day; yes, sir.

Q. It would at any time, probably? A. No; these equipments cost about \$4,000, and the cars at that time anywhere from —

Q. To-day it would be double? A. Yes; nearly double.

Q. But averaging as you paid for them from time to time and acquired them, it would be an outside figure, wouldn't it? A. It would be an outside figure.

Q. There is \$900,000, and then you have \$1,100,000 that must have gone into your plant and taking care of whatever indebtedness the old companies owed? A. We have a powerhouse that cost a great deal of money; we have a capacity of 5,000 horse power.

Q. When I said plant I meant your powerhouse and carhouses and real estate; have you acquired any other franchise than that you are operating? A. We are operating what we call our Mount Vernon line; we operate those, too; those are leased lines.

Q. Have you any other franchise that you have not built over yet? A. Yes, sir; great many.

Q. Where are they? A. A number of streets; we have Morris avenue.

Mr. Sheehan.—I think I can find out just the names of the streets.

A. We can give you the exact names from that contract, Mr. Wade.

Q. Can you turn right to it, Governor?

Mr. Sheehan.—It is impossible to build on some of the streets.

A. I think, perhaps, I can tell some of them by recollection; I think, perhaps, I can tell most of the streets from recollection.

Q. All right. A. Do you want to know the streets now, we have?

Q. Yes. A. Morris avenue, Jerome avenue, Sedgwick avenue, a portion of One Hundred and Sixty-first street, Bailey avenue, St. Ann's avenue, Burnside avenue, River terrace, Cedar avenue, Tremont avenue; I think that covers them.

Q. Are these streets built up? A. In part; yes.

Q. How long do your franchises continue there without the constructing of the road? A. I do not know just the time; Mr. Sheehan knows better than I.

Q. Those franchises are alive? A. Yes; there are reasons why each of the lines have not been built; take Morris avenue, for instance, Morris avenue is to be opened through to Fleetwood park and commissioners already appointed; we have property consents; if we build it runs against Fleetwood park and ends nowhere;

it parallels our Fleetwood Avenue line for quite a distance; it would be useless; as soon as that street is cut through, would continue Fleetwood park up to Morris avenue; Jerome avenue is being graded; they have raised the grade in some places as high as eight feet; that is now being graded; we have been unable to complete our line on One Hundred and Sixty-first street because they are filling in a creek; that work is not completed yet; Sedgwick avenue is in the same condition; Tremont avenue is now in course of widening; they are widening from 30 to 60 feet, and cutting down a hill from Third avenue to Boston avenue; upon all the streets, with the exception, perhaps, of St. Ann's avenue, which is paved, the conditions prevailing have rendered us unable to build because of those conditions.

Q. Recently this Southern Boulevard Railroad Company made a bid for another franchise in that locality? A. Yes, sir.

Q. Over what streets did that run, or does it run? A. I could not tell you the streets now from memory; there is quite a number of them; about 21 miles of streets all together.

Q. Who had charge of the bidding for the Southern Boulevard Company? A. I was requested by the board of directors who authorized the vice-president of the company to bid, or in his absence that he direct any individual to bid for this, and by his directions I bid.

Q. Did your company make a bid on the franchise also? A. No, sir.

Q. This Southern Boulevard Company does not seem to operate or contemplate the operation of its own road? A. That is a question yet to be settled.

Q. Is it not a question that it is not operating it? A. There is no doubt about that.

Q. You are operating it; that is, your company? A. Yes; there is no doubt, if the Southern Boulevard Railroad Company had acquired that franchise at that sale, there is no question of its own ability to put up its own plant and operate its own line irrespective of the Union Railway Company or any other line.

Q. That was after you had guaranteed its bonds? A. Yes, sir; that would not make the securities any less valuable.

Q. No; I don't know, though; was that company that bid some 7,000 or 8,000 per cent. of its gross receipts? A. No, sir; we bid an honest percentage; we bid up to $3\frac{1}{2}$ per cent. of the gross receipts.

Mr. Sheehan.— That is now in litigation.

Mr. Wade.— Yes; I see.

Q. Was not the Southern Boulevard Railroad Company rather bidding there for the Union?

Mr. Sheehan.— I submit, in view that all this thing is in litigation and now before the court, I would rather that inquiry would not be made.

Mr. Wade.— I do not care to try your law suits here.

Q. Who was it made this bid?

Mr. Sheehan.— Mr. Breen's company who made this last bid.

Mr. Wade.— How much?

Mr. Sheehan.— Six thousand seven hundred and eighty-nine per cent., I believe, of its gross bid.

Mr. Wade.— So, if the company took in \$1,000, they would have to pay the city how much?

Mr. Sheehan.— Six thousand seven hundred and eighty-nine times that.

Mr. Wade.— What company was it that made the bid?

Mr. Sheehan.— The People's Traction Company.

Mr. Wade.— Does that operate any road?

Mr. Sheehan.— No.

Mr. Wade.— What is it, a myth?

A. It is incorporated.

Mr. Sheehan.— We think it is a myth, but Mr. Breen does not, if it is.

Q. Your bid on that franchise was $3\frac{1}{2}$ per cent. of your gross receipts? A. Yes, sir.

Q. Do you think it better economy to require a street railroad company that can afford to pay a certain amount into the city treasury in preference to reducing fare and saving that same amount

of money to the patrons of the road? A. I think that is somewhat a sentimental question, Mr. Wade.

Q. It is a sentiment that reaches the pocket of every laboring man that rides on your road, is it not? A. Yes; where you get below a fare of 5 cents the same as applied to a fare above 5 cents, where some of these roads used to charge 6 cents, the inconvenience and time that pertains to the efforts to make change seems to me sometimes would be at least equal to the benefits derived on a slight reduction.

Q. Supposing you sold tickets, 60 in a book, at $3\frac{1}{4}$ cents each, some laboring man living on the line of your road is bound to use it twice a day to go to and from his work, and it saves him \$12 a year? A. Yes.

Q. That is a matter worth consideration? A. Yes, sir.

Q. Here is your city filled with clerks and artisans of all classes, forced to patronize your road to go to and from their business and travel night and morning; wouldn't it be better economy, better for the city and better for the people generally, that that money should be saved to the people and not go into the treasury of your city? A. There is no doubt about that; I imagine a scheme of that kind might be devised, but the question comes up whether it is fair to all corporations; all corporations are not operating under the same conditions; that might apply to some roads with short roads, but you take a road like ours, running through a country district, and people coming from a certain point to a certain point; take it in the middle of the day; what were known as the commission hours on the elevated railroads morning and evening, that is the time we carry the greater number of our people, and they ride a long distance, and travel quite an extent on our lines; take the roads in the heart of the city, people jump off and on every block or two; I do not think the same conditions pertain; there is another thing, from a practical standpoint of operation, and that is, there is a certain distance you can carry a person and make money; when you get beyond that it is a loss; the same thing applies to the transmission of power, and when it gets beyond that there is a loss; those two things go together.

By Mr. Nixon:

Q. What do you figure it costs per capita per mile on an electric car line? A. I have never figured that down, Mr. Nixon; that is a matter of computation; we are now preparing and expect to have very soon a computation whereby you get to the actual cost, the actual operation of our line per mile, which would cover the various expenses of car-houses and taxes, transportation expenses and so forth.

Q. You never have had that reduced to figures? A. No, sir.

By Mr. Wade:

Q. You lose sight of one feature of my question; I am assuming from my question that you can afford to pay a percentage to the city. A. Yes, sir.

Q. Now, is it not better for you and the patrons of your road that your road be relieved from that? A. I think it would popularize our road very much if the money we paid to the city as a tax could be turned back to those people.

Q. You recognize this fact; if there is any one who ought to be benefited by a street railroad it is a class of people who are forced to ride on it night and morning to and from their employment?

A. Those are the principal part of our patrons.

Q. Making your traffic heavier morning and evening? A. Yes.

Q. You could easily get up a ticket good between those hours in the morning and evening that that class of people would use? A. Yes, sir.

Q. And as I before said, would save them \$12 a year? A. Yes, sir.

Q. And that money saved to them, instead of going into the city treasury and saving these great corporations just so much tax?

A. Yes; as between the city and those people I should prefer to have the people have that money.

Q. You are president of this road, and you appreciate the fact your road can not succeed unless it accommodates the people living along this line? A. I do.

Q. And the better it accommodates them the more easily it is successful? A. That is right.

Q. You had rather run your road so all your patrons are perfectly satisfied than to have them all kicking? A. That is what we try to do.

Q. How does your company contemplate extending its line over these various other streets where you have already obtained franchises? A. It will be a continuous route of connecting lines.

Q. Yes; I know; but it will take a great deal of money to do it? A. Yes, sir.

Q. You can not make another first mortgage bond? A. We can not.

Q. Have you gone far enough to ascertain how that should be financiered? A. We have considered that we would like to have our capital stock increased and our bonded indebtedness, to build those various lines, but we have not been able to accomplish that; our charter limits that.

Q. I know; I want to know how you can build your other road? A. We would like to have you make a recommendation to the Legislature to allow us to do that.

Q. It requires an amendment of that act to enable you to build that road, doesn't it? A. Yes, sir; but up to the present time it would have been a matter of impossibility to build, even if we had the money, owing to the conditions; any one that knows the territory there knows that.

Q. I wanted to ask you again; did you say your company did make a bid on this franchise? A. No, sir; we did not.

Q. This Southern Boulevard Railroad Company is organized under the general statute? A. Oh, yes; they have bid into the city a certain portion of its gross receipts.

Mr. Sheehan.— It is operated under the Laws of 1884 act; the old Sharp Act.

Recess until 2 p. m.

AFTERNOON PROCEEDINGS.

Edward A. Maher, recalled.

Q. Were you interested in promoting this corporation, the Union Railroad Company? A. Interested in its promotion?

Q. Yes, sir. A. Do you mean before the Legislature?

Q. Well, either there or in any other manner, prior to the time you became president, in July, 1892? A. I think, sir, that I spoke to one gentleman connected with the Legislature in connection with the bill, about this matter.

Q. Did you then have an interest in the contemplated enterprise? A. No; I did not, and I did not at that time expect to be interested in it.

Q. Are you familiar with the transactions of the parties who were promoters of this scheme up to the time the bill was passed and the organization? A. I was not, sir.

Q. At that time where did you reside? A. I resided at Albany.

Q. And you were engaged in what business there? A. I was general manager of the Albany Electric Illuminating Company.

Q. So you were familiar with electrical apparatus and appliances and electrical business generally? A. I was familiar with electric light appliances and apparatus.

Q. And was it by reason of your knowledge of that business that you became interested in this? A. I can not answer that question, Mr. Wade.

Q. I suppose they sought to get some one manager of this road who knew something of that business? A. I think, perhaps, that had something to do with it.

Q. Are you an electrician? A. I am not; no, sir.

Q. How did you happen to become connected with this road? A. I was invited to take the presidency; or rather, to become connected with it as its general manager, and the proposition was made to me.

Q. Who extended that invitation? A. Some of the gentlemen who are connected with the enterprise? A. Who were they? A.

Mr. Pruyn, the president of the Commercial Bank in Albany, was one of them.

Q. Any others? A. He was one of the principal ones; I had more conversation with him, perhaps, than any other, because he was the president of the Albany Railway.

Q. Whatever negotiations you had concerning it were had with him? A. Substantially so.

Q. He was an interested party? A. He was.

Q. Interested in securing the legislation necessary to the incorporation of this company? A. I presume he was generally interested.

Q. Did you ever understand just why it was necessary that an especial act should be passed by the Legislature incorporating this company? A. I did not; I had no knowledge upon that subject at all; I knew nothing about the territory; until I came to New York to live I do not believe I had ever been in that territory over once or twice in my life.

Q. Are you familiar with the privileges which the company obtained by that act that it would not have obtained by incorporating under the general act? A. I think so.

Q. What are they? A. I think the principal feature is the question of the relief from the paying of the cost of the paving between the tracks and two feet outside.

Q. Supposing you had been compelled to pave the entire 30 miles of track that you have, what would that pavement have cost you? A. I am not familiar enough—

Q. You can approximate pretty closely? A. I do not think I can; I do not think I could give you an answer that would be a safe answer to that question.

Q. Based upon the expenditures of the company since you have been president and general manager, for similar work; I think you told me this forenoon that you had laid quite an amount of pavement on One Hundred and Sixty-first street? A. Relaid; yes, sir.

Q. Yes. A. Of course, the difference in the cost of relaying, as between the cost of pavement originally, is very material.

Q. You have the pavement there? A. Yes, sir.

Q. To pave a street on which a double track is laid, and 2 feet outside of the track, will give you about what width of pavement? A. That would give you something in the neighborhood of between 17 and 18 feet.

Q. Do you think \$10,000 a mile would be sufficient to cover it? A. I hardly think it would cost \$10,000 a mile, Mr. Wade.

Q. Assuming that it did, which is probably way beyond its actual cost, it would be \$300,000? A. Yes, sir.

Q. If you had paved every foot of street 19 feet in width wherever you had a track laid? A. Yes, sir.

Q. Do you know how that amount would compare with the actual expenditure of securing the passage of the bill in the Legislature? A. What is that?

Q. Do you know how that amount would compare with the actual expenditure of the company, or to the promoters of the company, in securing the passage of this bill, known as the Huckleberry Bill? A. I do not know how you could make that any portion of that comparison.

Q. I do not know; I do not know as it costs anything, but it usually does.

Mr. Sheehan.—Do you contend that when the Huckleberry Bill was passed that the general act held they should pave? I never believed that Huckleberry Bill Act any exception.

Q. What was the actual inducement for the passage of this bill? A. I can not answer that, because I had nothing to do with the promotion of the bill at all.

Mr. Sheehan.—Will you permit me to answer?

Mr. Wade.—Yes.

Mr. Sheehan.—Consolidation, which was not permitted at that time. You see the Consolidation Act has been passed since that.

Mr. Wade.—It was passed in 1892.

Mr. Sheehan.—Passed subsequent to that act, though.

Mr. Wade.—Prior to that time we accomplished the same result by long leases, and may follow that practice now.

Q. I notice that since you became president a bill was passed,

May 9, 1894, which sought to legalize everything else that had been done prior to that time, and the section of the act, after they leave an indefinite title of the bill is as follows: "Any and all proceedings heretofore taken in substantial compliance with the provisions of chapter 361 of the Laws of 1863, as now amended, are hereby approved, ratified and confirmed;" do you remember that bill? A. I do.

Q. Had not that bill been declared unconstitutional? A. I think it had.

Q. By reason of the defect in its title?

Mr. Sheehan.— Yes.

Q. What was being aimed at by that section of that act? A. I do not know that I can answer that question, Mr. Wade; Mr. Lauterbach drew up that law, and he could tell you about it; legal questions I do not know anything about.

Q. It would seem, from a reading of that section, that it was sought to legalize some step or act that the company had taken? A. Yes.

Q. And I thought perhaps your being president of the road you would be familiar with it? A. I am not familiar with the legal requirements.

Q. Do you know how many years this bill, commonly known as the Huckleberry Bill, had been in the Legislature prior to the year in which it passed, or one substantially like it? A. Yes, sir; my recollection is that it was in the Legislature the year previous.

Q. And was that the only time? A. If it was in longer than that I do not remember it.

Q. Do you know who was looking after that bill in the interest of the promoters, at Albany? A. I do not know anything about that, Mr. Wade; I had no interest in the matter at all, and never expected to be at that time, consequently I took no interest in it.

Q. The bill of 1894, which you say Mr. Lauterbach drew— A. When I say Mr. Lauterbach, I mean the firm.

Q. That firm were the attorneys for the road? A. Yes, sir,
(Assembly, No. 98.)

Q. You gave me the name of a gentleman in Albany who was one of the promoters of this scheme; by the word scheme I mean nothing offensive? A. Mr. Pruyn.

Q. Who was associated with him, so far as you know? A. There were several associated with him; I think Judge McNamara, who was also associated with him in the Albany Railroad.

Q. He lives where? A. At Albany.

Q. And others? A. I presume there were others.

Q. Can you give me the name of someone who now resides in the city of New York or vicinity? A. No, sir; I can not.

Q. Did you ever know of anyone residing in the city of New York, or immediately adjacent to the city, who was interested in the promoting of this scheme? A. I remember that—yes; I think Mr. Caldwell, who was the former president of the old Harlem Bridge and Morrisania Railroad Company.

Q. Where does he reside? A. In New York city.

Q. Now? A. Yes, sir.

Q. Tell me who the incorporators were? A. I think the incorporators were Mr. Pruyn, Mr. Caldwell, John C. De La Vergne, Charles A. Stadler, John W. McNamara, Anthony N. Brady and myself.

Q. And immediately after filing your certificate of incorporation did you hold a directors' meeting at which you were elected president? A. Yes, sir.

Q. And up to that time the company had transacted no business? A. No, sir.

Q. As a company, I mean? A. No, sir.

Q. To what extent did Mr. Pruyn become a stockholder in this company? A. I do not know, really; count the number of shares Mr. Pruyn has in the company, Mr. Wade.

Mr. Sheehan.—If you will permit me to say, in that connection, Mr. Olcott has charge of the stock-book, and, of course, it shows the names of the various owners of stock as far as any information he has is concerned; there is no objection whatever to your looking at the stock-book.

Mr. Wade.— I do not care to go into inquiring into men's private affairs to any extent; there is one point that it seems this witness should know something about; he must have signed all the stock that has been issued? A. Yes, I have.

Q. As president of the road? A. I have.

Q. And what I would like to know particularly is, what amount of money was paid into the treasury for the issuing of this stock, if any? A. I can not say, Mr. Wade; I presumed, of course, the secretary and treasurer would be asked those questions, and I have not charged my mind; if I had I would have fixed it; I hardly know the number of shares of stock held by any of the stockholders except myself.

Q. How much did you pay for your stock? A. My stock is an agreement made with the company whereby I get a certain portion of it in lieu of compensation for my services, or in addition to the cash I receive.

Q. Your agreement took the place for a cash payment for your stock? A. Yes, sir.

Q. By that you agreed to take so much stock and to assume the position of president and general manager? A. Yes, sir.

Q. At some salary agreed upon between you? A. Yes, sir.

Q. At the time of the consolidation and merger were the books of the old companies turned over to the new? A. I think they were, sir.

Q. As president of this company have you been sufficiently familiar with those books to know of the transactions of the old companies, and what amount of stock they had out, respectively, and how it was paid for? A. No, sir; from the books I have no knowledge of the amount of stock that was issued by the old companies; the only thing I know about is the information I received from the treasurer; I paid no attention to the books or financial operations of the company; my business is entirely in managing it outside and looking after outside business; the finances and everything pertaining to the books is under the control of the secretary and treasurer.

Q. How many of the stockholders of this Southern Boulevard Railroad Company are stockholders of the Union? A. I do not know, Mr. Wade, how many there are, but I know some of the stockholders of the Southern Boulevard are also stockholders of the Union.

Q. How many directors of one are directors of the other? A. I should say perhaps three or four; perhaps four.

Q. And how many directors of the Union Railroad Company, all told? A. Nine.

Q. Five? A. Nine.

Q. What persons are directors of both companies? A. I think Mr. Pruyn is, and Mr. McNamara, and Mr. Olcott, and Mr. Brady, are directors of both companies.

Q. Any others that you know of? A. Not that I remember now; there may be others but I do not recall them.

Q. You are not? A. No, sir; I am not.

Q. Do you know who is the largest holder in the Southern Boulevard Railway Company? A. I do not know.

Q. Or who is the largest holder in the Union Railroad Company? A. I do not know.

Q. Is Mr. Stadler a director in either of these companies? A. Yes; in the Union Company, he is a director.

Q. Was he in the road at the time this bill was passed, a member? A. My recollection is that he was not.

Q. Has this company ever declared any dividends? A. It has not.

Q. Do you think it is contemplated by the company in good faith, to construct any road upon any of these other franchises? A. I certainly do.

Q. Is that a matter of discussion before your board? A. It has been, yes, sir; on more than one occasion.

Q. Well, have you decided upon any plan by which that can be done? A. We have not.

Q. It involves, it must involve, an amendment of the act, does it not? A. I do not know of any other way we can raise money

now to build our lines unless it is by an enabling act of the Legislature.

Q. When did you acquire those franchises, before or after the passage of this act; that is, when were they acquired? A. They were acquired after the passage of the act.

Q. They were acquired by your company originally? A. Yes.

Mr. Sheehan.— From July to December, 1892.

Q. How long a time were you permitted to hold those franchises without proceeding to the construction of the road?

Mr. Sheehan.— If the counsel please, that is a legal question, and it is before the court, if you will permit me to answer.

Mr. Wade.— What do you claim?

Mr. Sheehan.— We claim we have complied with the statute in every particular; we have got the consents and begun the construction of our road; it is true we have not begun the construction of our road on certain streets, but we have begun the construction in either case.

Mr. Wade.— Your contention is that you hold it indefinitely?

Mr. Sheehan.— No; we have five years to complete our franchise, from July and December, 1892. We had to begin within three years, which we did, and have to complete within two years after that, is our construction, and I do not think there is any dispute.

Q. Are there any other companies seeking franchises upon any of these street you have acquired them on? A. I am not sure, Mr. Wade, whether any of the franchises asked for by the People's Traction Company run over any of our lines or not; I think, perhaps, in one or two instances they do for a short distance

Q. Have you ever given the subject of municipal ownership of street railways any consideration? A. Not the slightest.

Q. There was a question I wanted to ask you, and that is, how much real estate, if any, does your company own? A. We own the property upon which our power-house is located, and also the property upon which our car-house is located, and then we own the property used as we call it, a kind of hurry-up-wagon, and then

we have 100 feet on the Southern Boulevard; we have some vacant lots on One Hundred and Thirty-eight street.

Q. Those vacant lots are not used in connection with your road?

A. No, sir; they have been there for sale, and have been for a long time; we tried to sell them and couldn't get a bid.

Q. Do you know substantially the amount the company has invested in real estate? A. When you say real estate, do you mean with the improvements?

Q. Yes. A. For instance, take our power-house and engines and so forth, they are regarded as real estate.

Q. I did not mean that; stripped of everything; or rather, if the buildings were upon the property when you acquired it, why, then, give the cost? A. No, sir; the buildings were not on the property when we acquired it, excepting one old stable on our property on third avenue.

Q. Was any of this real estate you have mentioned owned by either of the old companies merged into the Union Railway Company.

Q. What portions of them? A. All of it, I think, with the exception of the property on which our power-house is located.

Q. So that your stock that you exchanged for the stock of the old companies, paid for the real estate? A. I think that is so.

Q. How much did you invest in that piece of real estate on which your power-house is located? A. The lot, if I recollect right, cost \$30,000.

Q. Then you built the building? A. Yes, sir.

Q. What is its size? A. The building is about 65 feet by about 185.

Q. How high? A. It is a one-story building, except it runs up in that direction.

Q. Brick? A. Oh, yes, sir.

Q. Do you know what it cost? A. I really can not tell you the cost exactly, but I think Mr. Olcott can tell you exactly the cost.

Q. In that you have generators, boilers, conveyancers, and so forth? A. Yes; everything of that kind.

Q. I think that is all.

Thomas W. Olcott, called and sworn, testified:

By Mr. Wade:

Q. You reside in New York? A. Yes, sir.

Q. And you are an officer of the Union Railroad Company? A. Yes, sir.

Q. What office or offices do you hold? A. Secretary and treasurer.

Q. And as such do you have charge of the books and finances of the company? A. Yes, sir.

Q. You receive the money of the company? A. Yes, sir.

Q. Draw the checks of the company? A. Yes.

Q. In payment of whatever money it expends? A. I receive and disburse all moneys.

Q. And how long have you occupied that position? A. Since the incorporation of the company in July, 1892.

Q. So that all the money that has been paid out by the company has passed through your hands? A. Yes, sir.

Q. And all of the money that has been received by the company has been received by you? A. Yes, sir.

Q. At the time of the organization of the company who was interested with you in its organization? A. The organization of the Union Railway Company?

Q. Yes? A. Mr. Spratley, the president of the company, Henry Spratley, who is president of the Harlem Bridge Company, Mr. Caldwell, Mr. Pruyn and Mr. Brady, and I think Mr. McNamara.

Q. Prior to that time had you been interested in either of the roads merged into this? A. Yes.

Q. Which one? A. The Harlem Bridge, Morrisana and Fordham.

Q. Were you an officer of that company? A. Yes, sir.

Q. What office did you hold? A. Secretary and treasurer.

Q. Did it operate any roads aside from its own? A. No.

Q. So it had nothing to do with either of the other two? A. No.

Q. Who was the promoter of the scheme of the consolidation of these three roads? A. I think the gentlemen I just mentioned.

Q. What? A. I think the gentlemen I just mentioned, whose names I just mentioned.

Q. Then you are familiar with all that took place leading up to the organization of your company? A. I had very little to do with the organization of it.

Q. Do you know enough about it to know why it was thought advisable to get a special act of the Legislature? A. I did not go into those details at all.

Q. Who did? A. I could not tell you; my position was simply secretary and treasurer, as it is with the present company.

Q. You were a stockholder? A. Yes, sir.

Q. To a great extent? A. No; not to a great extent.

Q. You understood by that scheme you were to surrender the stock you then had for something else? A. Yes.

Q. And did you not give it sufficient attention to know what you were to get for the stock you surrendered? A. Certainly I did.

Q. Of course that would involve the method of the consolidation and what the consolidated company had after the merger, and the value of the stock you were to get in exchange for this; Now, did you give that subject any consideration to ascertain to your own satisfaction whether it was a good thing for you to do or not? A. No more than a man would do as a stockholder; I did not go into the details particularly; that was a matter left to the directors, the matter of consolidation.

Q. I suppose the form of doing it, but the directors could not make a piece of property worth any more than it actually was; you had to decide those questions for yourself? A. Yes.

Q. Do the books of the company show the expenditures of the company or the promoters of the company in securing the legislation by which the merger was effected? A. No, it does not; no entries were made as far as I know.

Q. If any expenses of that character were made, do you know or did you ever know how they were paid? A. No, sir, I never knew anything about that at all.

Q. Well, your contract of merger provides for taking up the stock of the consolidated companies, and when that is all done, you had a little over \$800,000 of the stock of the new company left? A. Yes.

Q. Has that been issued? A. That was issued, yes.

Q. To whom? A. To a construction company.

Q. Who was that? A. That was the New York Electric Railway Company.

Q. Who composed that? A. That was composed of some gentlemen — that company was a construction company and built the lines of the Union Railroad Company; do you want to know the names?

Q. Yes? A. Mr. Pruyn of Albany, Mr. Brady, Mr. McNamara, Mr. Van Antwerp.

Q. Had they ever constructed any other road as a company? A. I do not think they did.

Q. It was organized for the purpose of constructing this one? A. I think so.

Q. Or rather, for the purpose of taking the stock issued? A. Yes.

Q. Then it was distributed as per arrangement? A. I do not know anything about that.

Q. But you had to sign it? A. I signed it.

Q. You had to sign every certificate of stock issued? A. Of the Union Railway?

Q. Yes? A. Yes; I thought you were talking about the stock issued to the construction company.

Q. This \$800,000 was issued to that company? A. Yes.

Q. Was that issued in one certificate or more? A. Issued in one certificate, and then broken up according to their directions.

Q. That certificate came back in and was cancelled and in lieu of that you issued other certificates? A. Yes.

Q. To whom? A. To the different parties named, and then they were returned to the New York Electric Railway Company.

Q. What? A. To the different parties named in their communi-

cation, whatever date it was; it was not all distributed at one time.

Q. Did you have a contract for the construction of the road with these people? A. Yes.

Q. They were the largest stockholders of the Union Railway Company, were they not? A. No, not all of them.

Q. What? A. No.

Q. Did either of them ever take any active part in the construction of the road? A. I think they did.

Q. Which one? A. I think they all took a pretty active part in it.

Q. I mean in actually being there and constructing — superintending the construction; Mr. Pruyn was not there, was he? A. They did not superintend the construction; they had an engineer to look after that part.

Q. Who were they? A. Mr. Pruyn took an active part in it; also, Mr. McNamara and Mr. Brady.

Q. Do you mean to say they were on the ground superintending the construction of the road? A. No, I say they had an engineer there.

Q. Was not the road constructed under the actual supervision of the president and general manager of the road, Mr. Maher? A. Oh, no; the road was mostly completed before Mr. Maher came there; the road was mostly completed before July, 1892.

Q. That was before the organization of your company? A. Yes.

Q. So that antedates anything I inquired about; and what antedates the \$800,000? A. After July, 1892, Mr. Mager took an active part in it.

Q. All the construction that was done by this construction company to whom this \$800,000 of stock was issued was done after July 1, 1892? A. No.

Q. Your company did not exist until after July, 1892? A. The Union Railroad Company did not.

Q. That is the one I am talking about; that is the one that issued the stock? A. The Union Railroad Company did not,

Q. What road issued the stock? A. The Harlem Bridge, Morrisana and Fordham Road made the contract.

Q. Your company did not make a contract by which it agreed to issue stock of the Union Railroad Company? A. No, they did not.

Q. There is where the confusion arises; a few moments ago, if I understood you correctly, you said this \$800,000 of the capital stock of the Union Railroad Company was issued to a construction company? A. Yes.

Q. That construction company consisted of certain gentlemen, each of whom was a stockholder in the railroad company? A. Yes.

Q. Now, then, that company is the one I am talking about, and its operations under this contract with the Union Railway Company; now I ask you if that company, as a matter of fact, constructed any road for the Union Railroad Company? A. Yes, I think they did

Q. Under whose direction and supervision? A. Under Mr. Mager's supervision.

Q. He was the president of the Union Railroad Company? A. Yes.

Q. And his services were paid by that company? A. That is right.

Q. And did you ever see a single person interested in the construction company that you have named, on the works looking after it or taking charge of any part of the construction? A. I have seen them drive over the works and examine it; they did that quite frequently.

Q. Who did that? A. All the gentlemen named.

Q. Judge McNamara? A. Yes.

Q. And Mr. Pruyn? A. Yes.

Q. Now, to get the thing just as it is, that construction company was created for the purpose of making a place for this \$800,000 of stock, was it not? A. I can not say as to that.

Q. Did the issue of that stock bring a single dollar into the treasury of the company? A. No, I do not think it did,

Q. What was the balance for the consideration for the construction of this road? A. The other consideration was \$1,600,000 of bonds.

Q. One million six hundred thousand dollars? A. Yes, sir.

Q. They were delivered to this construction company? A. Yes.

Q. That was for constructing or reconstructing and equipping and building of the power-house of the road? A. Building the plant and everything pertaining to it.

Q. Do the books of the company show the actual cost of the road? A. Not in detail.

Q. Do they show what the road actually cost the construction company? A. No, they do not; the construction company's books I suppose show that, not the Union Railroad Company.

Q. Who was the secretary and treasurer of the construction company? A. Mr. Van Antwerp, I think.

Q. Did he keep any books? A. Oh, yes; I suppose so.

Q. Now, all this work was done under the direct superintendence and supervision of your president? A. You mean after July, 1892?

Q. Certainly; that was after your company was incorporated? A. Yes, sir.

Q. When was this construction company organized? A. That was organized in July, 1891, I think, to the best of my recollection.

Q. Is it a corporation? A. Yes, sir.

Q. Did it go out of existence after completing this road? A. I could not say.

Q. It never built any road before or since? A. I could not say about that.

Q. None that you know of? A. None that I know of.

Q. So your books show that that construction company was paid \$1,600,000 of the first mortgage bonds and how much stock? A. About \$800,000 shares of stock.

Q. What? A. Eight thousand shares of stock.

Q. Eight hundred thousand dollars? A. Yes, sir.

Q. It took all that was not required in taking up the stock of the old companies? A. That is right.

Q. And that amounts, as I figure it — A. To about \$1,200,000.

Q. How much? A. One million two hundred thousand dollars.

Q. Not quite; it is nearly that. A. It is that amount, less the amount reserved to qualify the directors.

Q. That was merely nominal, that last? A. Yes, sir.

Q. Did you receive, yourself, any of the \$800,000 of stock? A. No; I never received any of that.

Q. Who owns that stock now? A. That is all owned by different individuals.

Q. What is the stock of the company worth now, Mr. Olcott?
A. Do you mean the market value?

Q. Yes, if it has one? A. I see the stock is quoted about 106; for a stock earning but 4 per cent. that is a pretty good price.

Q. I suppose the company, as a company, has had something to do with the rebuilding of the road, has it not? A. Yes.

Q. And your experience as a railroad man has given you considerable information upon the subject of the construction of a road of this character? A. I can not say that; I never devoted any time —

Q. You devoted time to paying bills? A. Yes, sir; but not to construction.

Q. Do you know about what that road actually cost? A. I have not the slightest idea.

Q. You could guess within a few millions of it? A. I might guess within \$4,000,000 of it; yes.

Q. Do not you once a year make out a statement to the Railroad Commissioners and verify it, by which you attempt to state the cost of the road? A. Yes; I do that four times a year.

Q. Four times a year? A. Yes, sir.

Q. I suppose that cost includes its cost to the company by the delivery of the bonds and stock you subscribed? A. Yes.

Q. What was done with the other \$400,000 of bonds? A. It is pretty hard to remember exact; some of that money was used to retire the bonds of the Harlem Bridge; it was used for different purposes.

Q. How much was that amount? A. Seventy-seven thousand dollars.

Q. Seventy-seven thousand dollars? A. There was more than that; there was \$107,000 of bonds.

Q. In amount, \$107,000? A. Yes; of the Harlem Bridge road; and a portion of the money was used to retire those bonds and whatever indebtedness was against the road.

Q. Your books would show that? A. Yes, sir.

Q. Can you approximate the amount that was used in retiring the indebtedness of the companies that were merged into the Union Railway Company? A. That would be a pretty hard thing to do; that contains quite a good many different items; I could hardly remember them; this is back in 1892, and it is hard to remember the details.

Q. I am not asking you to name the different items. A. I could not collect them in my mind and put them together so as to state the amount.

Q. Was it less than \$200,000? A. I should say that was about pretty near it.

Q. Is there is any item you can refresh his recollection on, Mr. Sheehan?

Mr. Sheehan.—There is one thing the witness' attention should be called to. It is evidently forgetfulness on his part. A good portion of this road, as I understand from the evidence of Mr. Maher, was built and completed for the old Morrisana road.

A. Yes.

Q. And before Mr. Maher became president down to the Union Railroad Company? A. Yes.

Mr. Maher.—I will say that the work was substantially done; that the work on the original had been subsequently done before I became president of the road, by an engineer with the people of the General Electric Company, M. H. McNamara.

Mr. Wade.—That portion was not reconstructed?

Mr. Maher.—No, sir.

Mr. Wade.—That was built so as to stand the passage of an electric car?

Mr. Maher.— Yes. Mr. Olcott says the work was done under my supervision. Most of that work was done before I had connection with the company.

By Mr. Wade:

A. Shall I explain about that contract?

Q. Yes; go ahead. A. That contract that was made with this construction company was made by the Harlem Bridge road, and they commenced constructing in 1891, and had the road almost completed before July, 1892, and the Union Railway Company, after they were formed, ratified all the contracts of these other three companies, ratifying at the same time this contract that was made with this construction company, and they assumed it.

Q. Then, of course, the original work for the construction of this road did not provide for the paying of the construction by \$1,600,000 of the Union Railway Company and \$800,000 of stock? A. No, sir; possibly, I think, that was provided — I can not give you that.

Q. We can cut this thing short here now; it seems as though the whole thing is apparent; they took \$400,000 of the bonds and practically \$1,200,000 of the stock, and used that in acquiring the stock of the three companies merged, in taking care of its indebtedness and whatever other expenditures had been made? A. Yes, sir.

Q. And then they just simply reached around the balance of it and allowed and permitted the corporation to bid in the stock or bonds for the construction of the road? A. That is right.

Q. Utterly regardless of its cost; is not that right? A. I could not say as to that.

Q. You know it did not cost any such amount as that? A. I am not familiar with those.

Q. You do not have to be to know that; just figure out, if you please; there is 16 and 8, \$2,400,000 to build three miles of single track road, with practically no expenditure for paving; you see it is crowding \$100,000 a mile; your road can be constructed for

\$10,000, your entire equipment, real estate and all would not cost you — A. Not for \$10,000.

Q. Ten thousand dollars a mile? A. Ten thousand dollars a mile?

Q. Yes. A. Yes.

Q. That is \$300,000; you could not very well expend a million in equipment of the plant and the road, including the real estate, could you?

Mr. Sheehan.— Will you permit me to make a statement there?

Mr. Wade.— Yes.

Mr. Sheehan.— Of the \$2,000,000 issue of stock, \$1,200,000 was paid for the old franchises.

Mr. Wade.— Paid for the old stock?

Mr. Sheehan.— Yes. That left \$800,000 of stock. That \$800,000 of stock was paid to the construction company. That left \$2,000,000 of bonds; \$1,600,000 of the bonds were paid in connection with this stock, in addition to the stock, to the construction company. That left \$400,000 of bonds. That \$400,000 represented so much cash which was subsequently sold to some bankers here at 92½, and out of the proceeds they retired the \$107,000 of the old Morrisana bonds and other indebtedness that was around. That, in a nutshell, is about the situation it is.

Q. Mr. Olcott, you were a director and you must know of the affairs of the company; when you had figured about the amount of money that was required to take care of the matters outside, is it or is it not a fact that the balance of the stock and bonds were put in here to the construction company, utterly regardless of the cost of the road to that company? A. I do not know exactly how to answer; you put in utterly regardless of those facts or not.

Q. Of course it is so free from water in comparison with some of these things that we have struck that I do not think you should hesitate to speak about it; it is perfectly apparent; now, Mr. Olcott, if your company had actually sold its stock for 100 cents on the dollar, and \$2,000,000 been paid right into the treasury, don't you believe that that money would have acquired the stock of the old companies and built the road complete as it is to-day? A. I do not.

Q. What? A. I do not.

Q. What was this stock of the Union Railway Company quoted at as soon as it was issued? A. I could not say as to that.

Q. About the first quotation that it had, or about the first sale that it had? A. It was considerably below par.

Q. How far? A. I think it was in the neighborhood of 50 or 60.

Q. Would you put it as low as 50? A. No; I would not, because I do not know.

Q. Would you put it as low as 60? A. I would put it about 55.

Q. That you regarded as its fair market value at that time? A. No; I can not say that I did.

Q. What did you regard it? A. I can not say what figure I did regard it; I simply say that that quotation was a quotation that I heard of at the time.

Q. Perhaps I have no right to assume, and I will not; but did you not yourself discuss its probable value at that time? A. That has been a pretty hard thing to determine on, the value of that stock at that time; before this stock was issued, and before the change of power was made, and before there was any chance to compare the difference in earnings between horse traction and electric motive power there had been no chance to compare at all.

Q. What do you think it was worth at that time; just give us your judgment of its fair value? A. I think the price quoted is a fair value.

Q. Fifty-five? A. Yes, sir.

Q. You were secretary and treasurer of what company then? A. At what time?

Q. At the time of the consolidation. A. I was secretary of the Morrisania, Harlem Bridge and Fordham.

Q. The stock of that company was how much? A. Three hundred and fifty thousand dollars.

Q. So you got for that stock other stock of the cash value of \$433,123; substantially that? A. Yes, sir.

Q. Then the other companies were stocked for what? A. Three hundred thousand dollars.

Q. Each? A. No; \$300,000 and \$100,000.

Q. That is \$400,000; that amounted to \$220,000; so the stock of the three companies was acquired with what you regarded as the cash equivalent of \$653,000? A. Yes, sir.

Q. Now, you had \$107,000 of bonded indebtedness of one of the old companies, and can you enumerate any other indebtedness of either of those companies? A. Not very well.

Q. Was there any other? A. I could not say.

Mr. Sheehan.— I think there was a floating debt of some kind.

A. There was a floating debt; I really do not know of how much; I think it was \$24,000.

Q. That is a total of \$787,123; now, if your stock had been paid for, \$2,000,000, you would have had \$1,215,877 left; don't you think that would have built your road and bought your real estate and built your power-house and equipped your road? A. I can not say about that.

Q. That is over \$40,000 a mile for construction and equipment of single track? A. I have no way of determining that, for I do not know what the power-house cost, nor the equipment.

Q. The question of a power-house there is a very small item, the building itself; it is a building 85 feet long, 66 feet wide, one story; there is not a great amount of expenditure connected with that as compared with this road, what it is charged with to-day; you know what generators cost for you pay for them? A. Yes.

Q. You know what all kinds of electric appliances cost for you pay for them; you know what cars cost and motors and wires and switches, and everything pertaining to an electric car; is not that so? A. Most everything; yes.

Q. Wouldn't you be glad of a contract to-day to build that road and furnish it with everything it has got at \$40,000 a mile of single track? A. Let me see; I think I might take a contract of that sort.

Q. Now, Mr. Olcott, the opinion of a man like yourself, who is in this business, should be of considerable value, and I want to ask you now if you think the law ought to permit the watering of stock to any such extent as has been going on, even in your

company; that is not half as bad as some others? A. That is not a question that I would like to answer.

Mr. Sheehan.— I do not suppose, in his position, if he felt so inclined, that he would like to criticise.

Q. Wouldn't you think that the street railways of the State would be in a better condition if the stock of each company actually represented the payment into the treasury of the company of its face value, and all the business of the company be on a more substantial basis? A. I think it would.

Q. Your road stands here to-day charged with a construction account of about \$133,000 a mile? A. Yes; it does.

Q. And paying fixed charges, paying operating expenses, insurance, taxes? A. Insurance is an operating expense.

Q. Insurance you include in your operating expenses? A. Yes.

Q. You do not taxes? A. No.

Q. The tax and interest? A. Yes.

Q. And earning about 4 per cent. on your capital stock? A. That was about what we earned last year; a little less than that.

Q. Wringing that out reasonably dry would show a net earning of your company of considerably more than twice that? A. It certainly would.

Q. And if that were done — in other words, if your road were simply charged with actual cost in dollars and cents you would earn a nice dividend upon the investment at a 4 cent fare, wouldn't you? A. I think it would.

Q. What? A. I think it would.

Q. Are you familiar, Mr. Olcott, with the operations of the road at all? A. I do not pay any attention to that.

Q. The running of cars, I mean. A. I have not knowledge of that at all.

By Mr. Wade:

Q. I would like, Mr. Chairman, while Mr. Maher is here, to examine him on a subject I had intended to inquire about; of this \$400,000, \$150,000 was paid into the treasury of the company — of the \$400,000 raised on the bonds \$150,000 was paid into the treasury? A. Yes.

By Mr. Sheehan:

Q. Counsel said something about if your books would show the expenditure of money in Albany; if there were any expenses the books would show it, and what they were? A. Yes, sir.

Q. And they show every dollar that has been paid out by the railroad company, to your knowledge? A. Yes.

By Mr. Wade:

Q. Of course your company did not pay out money until after it existed? A. The Union Railroad?

Q. Yes. A. Certainly not.

Q. It would not show what was done up there by the construction company or individuals; I do not suppose anything would? A. It would not show anything the construction company did at all.

Q. I do not want to be understood as insinuating any improper methods, but those things do occur.

Edward A. Maher, recalled, testified:

By Mr. Wade:

Q. I want to ask you if you use any kind of fenders on the cars? A. I do not know that we would hardly call them a fender; we call them a fender, but they do not project beyond the car; it is in front of the wheels; it is more of a wheel guard than a fender.

Q. Like these on the Broadway road? A. Yes; but different shape.

Q. Have you ever run over anyone by your cars? A. Yes, sir.

Q. Do they pass under that fender? A. Yes.

Q. Do you know of any fender that is practicable that will, under all circumstances, preclude a person getting under the wheels? A. I do not believe there is, Mr. Wade.

Q. I suppose if you could find one you would adopt it? A. We certainly would; it would be a matter for our interest to.

Q. As a matter of economy and safety? A. Yes.

Q. Do you have any rules of your company requiring passengers to remain seated until the car stops, before leaving the car? A. We have a rule of that kind which instructs our conductors to notify passengers.

Q. Do you hang up a printed rule of that character in the car? A. Not in the car; no, sir.

Q. In some places they have a notice for passengers to do so? A. They have.

Q. It is a good thing? A. Yes; it is.

Q. Where your road is double tracked do you permit your cars to meet and pass on a street crossing? A. Yes; they do pass on street crossings, but there is one rule we have not in effect on many roads, and that is, we always insist on the motorman, in passing each other, in ringing the bell of each car, and also a car stopping at the corner for the car on the opposite track to stand within 15 feet of it and remain standing until that car stops; many times people run around a car.

Q. That is quite a uniform rule on double track roads? A. I did not know it was.

Q. I think it is quite uniform; but they go further in some places, and they do not permit those cars to meet and pass on a crossing; in other words, a car coming in one direction sees another can pass the crossing, if they slow up that is done and they think there is less danger of an accident, operating in that manner. A. I think it is a good thing.

Q. You know there is a bill introduced last last winter requiring all street railroads between the 1st of November and 1st of April to run vestibule cars? A. I remember that.

Q. Would that be practicable on your road? A. I think, perhaps, it might be; of course we do not permit anyone to ride on the front end of the car with the motorman.

Q. Your motormen are not subjected to the severe winter weather that they are in some cities further west? A. I think that vestibule cars might be used in more inclement sections.

Q. On streets not congested with travel they do not seem to have any difficulty with the vestibule cars; do you find as your road

grows older and the people become accustomed to the running of electric cars on your streets that the element of danger is becoming diminished? A. Yes; we do; we found at first that people jumping off the car thought they could jump off with no more element of danger in jumping off than from an ordinary horse car, but they have got over that very readily, I think.

Q. I understand, Mr. Maher, you have a draw-bridge to make?

A. Yes; we have a draw.

Q. You have read of this terrible accident in Cleveland, where the railroad company had provided perhaps all the means that it thought necessary to avoid an accident; don't you think that a scheme should be devised by which the opening of that draw opens your track so that a car approaching would be ditched before getting to it; like an interlocking switch, for instance; you know what they are? A. Yes; yes, I think that would be very feasible, Mr. Wade.

Q. Don't you think it would be feasible if the statute made that mandatory? A. I should certainly see no objection to that; on the contrary, I think it would be very commendable.

Q. I do not suppose the gate that is closed when the draw is opened is anything like sufficient to resist the car in motion? A. No, sir; not at all; that is, a car running with any headway.

Q. Your rules require your motormen when on duty to remain absolutely alone? A. Yes, sir.

Q. To converse with no one? A. Except when they have a man whom they are breaking in.

Q. Exactly? A. But the ordinary passenger is prohibited riding on the front platform of the car.

Q. You prohibit their being associated with passengers and friends? A. Yes, sir; absolutely.

Q. What kind of a brake do you use? A. We use a brake made by the different car companies.

Q. By the use of a lever? A. The usual lever brake.

Q. You do not use an air brake? A. No, sir; we do not.

Q. Have you ever estimated that the expense of operating an air brake would be per car per day? A. I never have; I have

estimated somewhat the cost of putting air brakes on the cars; there is one serious objection to electric cars, and that is interference with motormen; a car of our length would hardly permit, an 18-foot car, of putting an air brake on that car.

Q. How do you heat your cars? A. Electrically.

Q. And you believe that is entirely feasible and practicable?
A. Absolutely so.

Q. Do you know what horse-power it takes per car? A. No, sir; getting it down to a matter of dollars and cents we figure it costs in comparison with stoves, just about as the comparison of 10 cents with 50 cents; we find that the advantage our heaters do not take up any room, being all under the seat and so located that the passenger gets the benefit of the heat; we control it absolutely; it is distributed from those different points.

Q. It is so arranged that you can cut off one generator and all the others if you wish? A. Yes; and we can have various extremes of heat; on an extreme cold day we can get it up to 65 in a car; that is regulated by a switch; increasing or decreasing.

Q. Our people claim it takes about two horse-power? A. How much?

Q. About two; still, they contend, it is more feasible? A. I think it is, decidedly; as a question of expense I do not think it should be considered, as the question of convenience is very great.

Q. I think I inquired of you if there was a city ordinance eliminating your rate of speed? A. I do not believe there is, Mr. Wade; if there is our attention has never been called to it.

Q. About what speed do you run? A. About eight miles an hour, ordinarily; there are places on the outskirts we can run a little faster; in the congested parts of the city we sometimes run not as fast as that.

Q. Your road is entirely in the center of the street? A. Yes, sir.

Q. Have you any limitation as to the kind of rail you should use? A. No, sir; there is no limitation here that I know of.

Q. Can you use the "T" rail? A. No; I think the railroad commissioners have insisted on using the girder rail within the

city limits; I do not think that is an ordinance; I think that is one of the rules of the railroad commissioners.

Q. I do not think of anything else now.

Thomas W. Olcott, recalled, testified:

By Mr. Wade:

Q. Mr. Olcott, how many of the people who were interested in the old company with you became interested in the new; I mean by that, actively interested? A. Do you mean as directors?

Q. Officers or directors? A. Three besides myself.

Q. Who were they? A. Mr. Caldwell, Mr. Pruyn, Mr. Brady and myself.

Q. Did any of the persons interested in either of the other companies become interested in it? A. No.

Q. Was the stock of the other two companies bought up by the promoters of this company prior to your consolidation or by a syndicate? A. I think they were all bought at the same time; that was done before I had any connection with the company whatever, so I do not know the details of that, but I think they were all bought at the same time.

Q. I suppose some syndicate acquired the stock of the three companies where you could get hold of it when you wanted to make the transfer? A. To the best of my knowledge, I think it was.

Q. Do you know what was paid for the stock of the old companies? A. No; I do not.

Q. Do you know what was paid for the stock of your company? A. Of the Harlem Bridge Company?

Q. Yes? A. I do not know that; I was never told and I never asked the question.

Q. How did you get rid of yours, or was that simply by exchange? A. That was simply by exchange.

Q. But those who went out, actually went out, got a cash payment of some kind? A. Yes, sir; that is, I understand so; I do not know that that is so.

Q. That amount you do not know that you ever understood? A. No; I never knew it; it is a matter I never knew anything of at all.

Q. Do you know who did the negotiating for that contract? A. No; I do not; that was before my connection with the road.

Q. That is the new company? A. That was before my connection with the Harlem Bridge Company; all this was done prior to May, 1891.

Q. This thing was in contemplation for some years prior to the time it was consummated? A. Well, I think for several months before; I do not know how long before; I think perhaps the negotiations commenced in 1890.

Q. Whom do you think could tell us just what was paid for the stock of the old company to these people owning that stock who went out entirely? A. I could not say.

Q. You have not got any books that will show anything about it? A. Not that transaction; no; that was simply, as I understand it, a personal matter.

Q. Yes; it was a transaction between the stockholders and the syndicate, or whatever it was that contracted for the stock? A. I do not know who the parties were that contracted for the stock.

Q. Who furnished the money to buy it? A. That I do not know either.

Q. Give me some name of some member of the Harlem Bridge Company who actually went out, and who lives within the city now? A. I think William Caldwell is one.

Q. He did not get out; he is in yet, is he not? A. No; he is not a director now.

Q. He is not a stockholder in your company? A. No; he went out.

Q. He ought to know about that? A. I think likely he would.

Q. Where does he live? A. He did live upon Fourth, Monroe, or Boston avenue; where he lives now I do not know; he was the proprietor of the Mercury; he was on 3 Park Row; I do not know where his office is now.

Q. For fear we may not be able to find him, will you give us the names of one or two others in case it is thought advisable to make

proof of it? A. It is pretty hard for me to remember the names of some of the stockholders of those roads, because I am not well acquainted with them; Mr. Spratley was one.

Q. Do you know what the bonds of the Union Railway Company are worth now? A. I saw some bonds quoted in one of the papers the other day 104½ asked, and 102½ bid.

Q. Are they listed? A. No, sir; they are not listed.

Q. What wages do you pay your conductors and motormen? A. We pay them \$2 a day.

Q. Do you pay them by the day or by the hour? A. They get paid by the hour.

Q. How much an hour? A. I think it is 18⅔ cents an hour for a day of 11 hours, giving them an hour for dinner.

Q. Do you so arrange it that each one on the regular list works a full day? A. Yes.

Q. And then you have your extra list? A. Yes; we have two extra lists; one extra list that follows after a regular man; if he is absent he takes that place, and then the extra takes the place in the absence of the regular man.

Q. Do you have any difference in the wages based on the length of time they have been in your employ? A. No.

Q. So that a new man — A. — gets the same as an old man, if he works the same length of time.

Q. Are your employes apparently contented? A. They appear to be.

Q. With their wages and work? A. We have had no complaints from them; we never have had a strike on this road.

Mr. Maher.— A time slip is given them when they go out on the car, and they are paid for their time, regardless of delays.

Q. Do you have any trouble or annoyance from the knocking down of fares? A. I do not think we have as much trouble as other roads; perhaps there is not as much money to get.

Q. You think, then, perhaps the opportunity is not as large? A. Yes.

Q. In your transfer system, do your conductors issue them? A. No; we have transfer agents that stand at different points at the

different corners, and they distribute, personally, to the passenger in the transferring from one line to another.

Q. Could you, Mr. Olcott, by reference to your stock books, trace that \$800,000 of stock a little ways and see where it eventually went? A. No; I do not think I could do that, Mr. Wade.

Q. I suppose you have got a certificate book? A. Yes.

Q. And every certificate that is issued leaves a stub in the book? A. Yes.

Q. And that stub tells you whether that was an original certificate? A. Or whether it was from a cancelled certificate.

Q. And if from a cancelled certificate it tells from what certificate it was cancelled? A. It tells the number; yes, sir.

Q. Then why can not you trace it? A. I think I could possibly, but it would take some little time to do it.

Q. It would not take long to ascertain what certificates were issued on the cancellation of this \$800,000 certificate, would it? A. No; I do not know how long it would take; I would have to follow that through the cancellation of several certificates.

Q. I thought it was issued on one? A. Not all at one time; it was broken up several times; the original certificate for this large amount of stock was sent in with directions to issue so many shares to so many people, and then the balance went back to them.

Q. That is all right; that would take but a moment to tell what certificates were issued for the big one in the first place. A. Yes.

Q. If one large one was issued out of that subdivision and then but a moment to tell what was issued in the place of that? A. Yes; it is simply a matter of looking through the certificate book and the transfer book.

Q. That certificate was issued to the construction company and when it came back in the stock divided among the stockholders of the company, if you remember it that way, I wish you would say, and that will end that subject? A. Yes; that was the way it was.

Q. Irrespective as to whether they appeared as part of the construction company or not? A. That was the way it was done; the stock was distributed to the stockholders by the direction of the construction company.

Q. All stockholders got a part of it? A. Yes; I suppose so.

Q. I believe you stated there was \$125,000 or \$150,000 proceeds of the \$400,000 of bonds that were sold, that went into the treasury? A. Yes.

Q. And can you state generally how that money was used by the company?

Mr. Sheehan.— I suppose most of that money— there was \$150,000 out of the \$400,000, and there was \$107,000, and my general information is that that was used in construction and improvements, and so forth.

Mr. Nixon.— Building your extensions, and so forth?

Mr. Sheehan.— Yes.

Mr. Wade.— Increase of equipments and betterments generally, and so forth.

A. Oh, yes; the books will show where they went.

By Mr. Wade:

Q. There was no part of the proceeds of the \$400,000 of bonds that was used except in paying actual and legitimate expenditures of the company somewhere? A. That is right; the books will show just where that went to.

Q. I do not care to go into the details of it; I assume that was the disposition made of it.

By Mr. Nixon:

Q. How much road has your company built in addition to the amount built by the construction company? A. About 12 miles.

Q. What does that cost you per mile to construct it; you know that; that is, the extensions that have been made by the Union Railway Company? A. Yes.

Q. For their track, for the construction built subsequent to that built by the construction company; that is, per mile of single track? A. I should say about \$150,000.

Q. For 12 miles? A. Yes.

Q. It would have cost no more to construct what the construction company built than your extensions, would it?

Mr. Sheehan.— The evidence of Mr. Maher was, that, in 1891 and 1892 the cost was much higher than it is now.

Q. The cost of your rail and labor was not so much higher; the cost of the equipment has been; there has not been so very much difference in the cost of the construction company and what it cost you, so far as the track is concerned? A. I could not say.

Q. Two years ago rails were lower than the present time? A. Yes.

Q. So what that has cost you is a fair idea of what it cost the construction company? A. No, for this reason; that the construction company laid the rails through those portions of the city where there was some trucking and more driving there; those were harder to construct; there was more interference with the work and that would add considerable to the cost of the construction.

Q. You mean delay? A. The delay, and blocking and so forth.

Q. So it makes your cost higher? A. No; it would make the cost to the construction company a good deal more.

Mr. Maher.— Perhaps the cost of construction on the lines we run is higher than most places, for the reason there is more rock there. The ordinary cost of putting up the pole would be about \$2, while we frequently have to pay \$9.50, and that is simply \$7 going for the blasting of the hole. The probabilities are that 33 1-3 per cent. of the poles put up along the lines of the Union Railway Company, with the exception of those on Third avenue, had to be put up in rock, which makes the expense greater.

Mr. Nixon.— How far is the rock from the surface?

Mr. Maher.— It varies. Sometimes one foot and sometimes two or three feet. We put those poles, usually, down six feet. There is another expense with the iron poles, and that is we concrete it. That adds very materially to the construction of our lines. And it has made quite an expense to the original cost of laying lines through part of the territory that it was blasted.

Mr. Wade.— Do you believe that there is any advantage in an iron pole?

Mr. Maher.— I figure, Mr. Wade, that the life of a wooden pole is but 10 years.

Mr. Wade.— If these fellows that are kicking about the water and gas pipes are right, that is longer than your iron pole will last.

Mr. Maher.— That only occurs where the construction is poor. If you have a proper return wire there is no reason for that.

Mr. Wade.— Your system returns by a return wire. Do you have the underground return system?

Mr. Maher.— Not the underground return system. We have a return wire overhead.

Recess until Tuesday, November 26, 1895, at 10 a. m., at the Metropole Hotel, New York city.

The committee convened at the parlors of the Metropole Hotel, Tuesday, November 26, 1895, at 10 a. m.

FORENOON PROCEEDINGS.

Eli T. Landon, called and sworn, testified:

By Mr. Wade:

Q. You reside in the city of New York? A. Yes, sir.

Q. Are you connected with any surface street railroad in the city? A. Yes, sir; the Dry Dock, East Broadway and Battery Railway Company.

Q. From what point to what point does that road run? A. We have four branches; one of them runs from Grand street ferry on the East river to the Desbrosses street ferry on the North river; the second one from the Grand street ferry, East river, to the Cortland street ferry, North river; the third one runs from the City Hall to Twenty-third street ferry, East river; and the fourth one from the City Hall to the Thirty-fourth street ferry, East river.

Q. In all, about how many miles of road? A. About 20, I think; 20 and a fraction.

Q. Is it all double track road? A. No, sir; a portion of our road we run the track through the street and back through

another street; virtually double track, but on different streets; there are portions of the road we run some distances over the same track; different branches.

Q. That is, from Grand street and City Hall? A. Yes, sir.

Q. When was this company organized? A. The charter was granted in 1863.

Q. When did you first become connected with it? A. In the last of 1872.

Q. At that time was its entire road completed? A. Yes, sir.

Q. So it has built no extensions since you have been connected with it? A. No, sir; not in the way of extensions.

Q. A horse car line, is it? A. Yes, sir.

Q. How many cars do you run, Mr. Landon? A. I made a few memorandums because I can not always trust to my memory about those things.

(Witness refers to a memorandum.)

Q. What is your official position in the road? A. I am at present the secretary of the company.

Q. President and secretary? A. No, sir; secretary.

Q. How long have you held that position? A. This is my second year.

Q. Prior to that were you an officer? A. No, sir.

Q. Were you ever a director? A. No, sir; I went there a clerk.

Q. Now, if you will tell me about the number of cars operated on your lines? A. The greatest number of cars we operate is 137; that is, such days as yesterday, on account of the storm, we put extra cars on.

Q. To meet the increased travel? A. Yes, sir; probably 125 or 128 would be the regular number of cars.

Q. In 1872, when you became interested with the road, did you go into the office as a clerk in the office? A. Yes, sir.

Q. And have been there ever since? A. Yes, sir.

Q. Are you familiar with all its transactions during those years? A. As far as the office duties are concerned, but as far as organization and official duties I have not had any especial confidence in those.

Q. Was your position such as gave you knowledge of the finances of the company? A. The latter part of my service before becoming secretary, I have known probably within ten years, I have known more or less of the financial operations.

Q. What rate of fare do you charge over your road from one ferry to the other? A. Five cents.

Q. And your lines that branch off at Grand street, do they meet again; for instance, you have one line that runs from Grand street to Desbrosses street, and one to — A. Yes, sir.

Q. Do they meet again after branching at the City Hall? A. No, sir.

Q. And the same with the system that goes to the Twenty-third street ferry? A. They run over a portion of the tracks from Fourteenth; they meet the other leaving City Hall over the same track, but not at the terminus.

Q. What streets do you cover between City Hall and Fourteenth street? A. Up through Park place, from Chatham street to East Broadway, what is known as the Avenue D line; goes up East Broadway to Grand street to Columbia street, to Avenue D, up to Fourteenth street to Avenue A, and up Avenue A to Twenty-third street ferry.

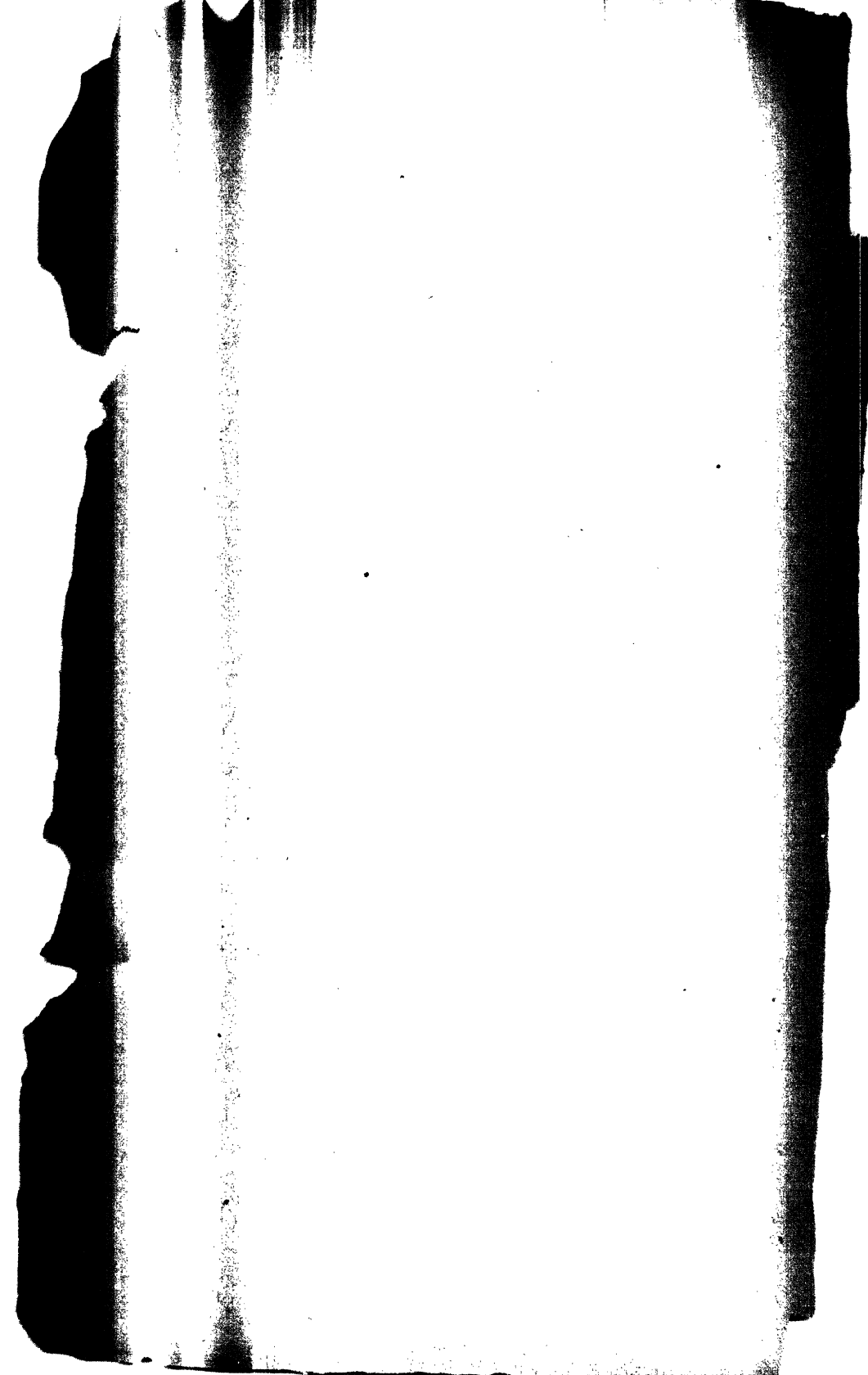
Q. Your City Hall line? A. Runs through East Park place to Clinton.

Q. And then branches at Clinton? A. Yes, sir.

Q. And meet at Fourteenth? A. Yes, sir.

Q. Do you have any transfer system on that line? A. Yes, sir; we transfer with all our own lines; each line transfers with the other; we have a general transfer office at the junction of Grand street and at the Cortlandt street lines and Avenue D line; those three lines come together at one point.

Q. So that one who has paid his fare on either line approaching that point gets a transfer taking him over any other line of your company? A. Yes, sir; and then on Avenue B line, which crosses the Grand Street line, we have a transfer office at two points, one on the down track and one on the up track at Grand street, and there transfer.



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